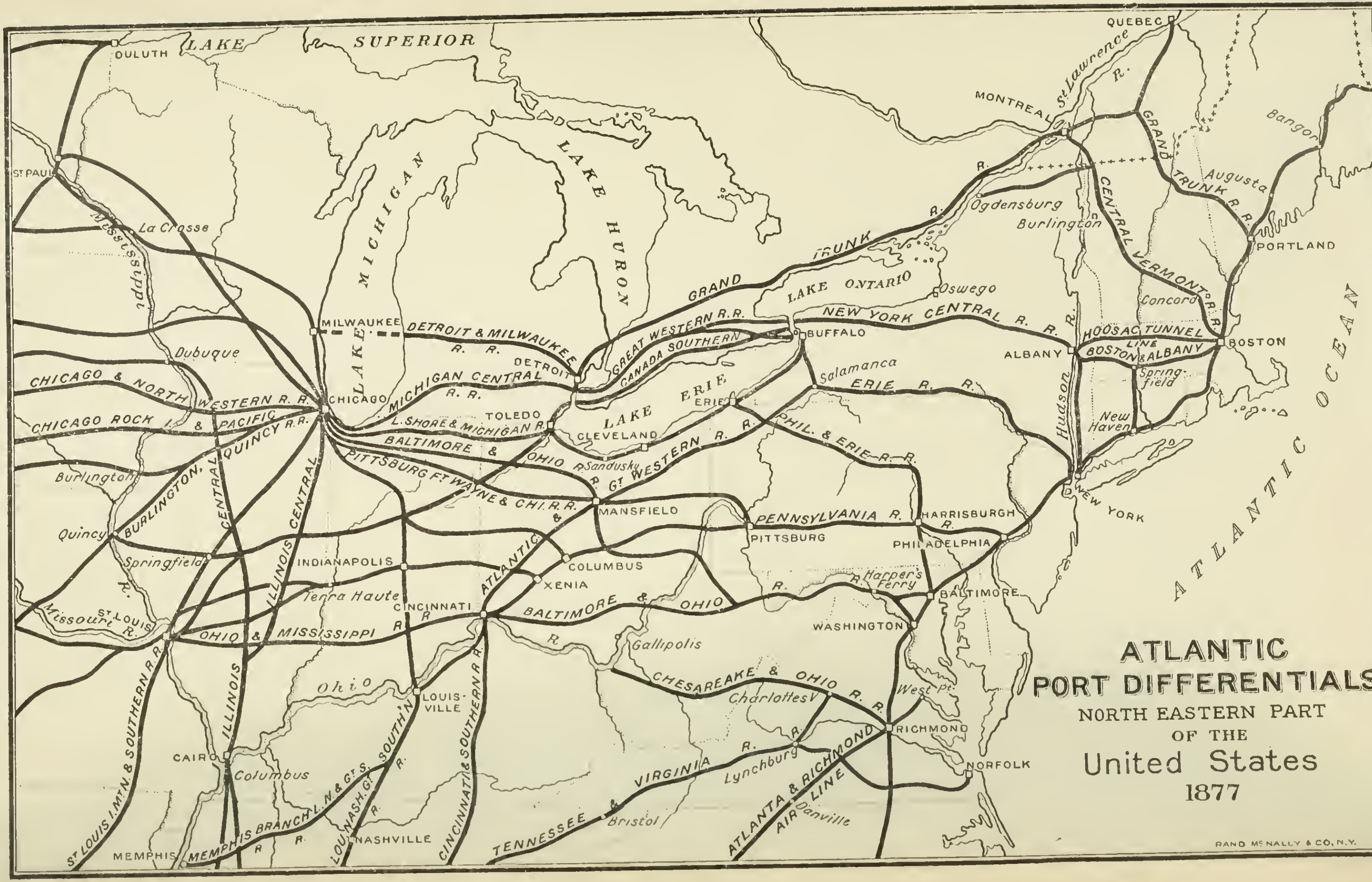
ATLANTIC
PORT DIFFERENTIALS
NORTH EASTERN PART
OF THE
United States
1877
RAND McNALLY & CO., N.Y.
LAKE SUPERIOR
LAKE MICHIGAN
LAKE HURON
LAKE ONTARIO
LAKE ERIE
ATLANTIC OCEAN
DULUTH
ST. PAUL
La Crosse
Dubuque
MILWAUKEE
CHICAGO
DETROIT
TOLEDO
CLEVELAND
Sandusky
ERIE
BUFFALO
Salamanca
Oswego
Ogdensburg
Burlington
MONTREAL
QUEBEC
St. Lawrence R.
Bangor
Augusta
PORTLAND
Concord
BOSTON
ALBANY
Spring-field
New Haven
NEW YORK
Hudson R.
HARRISBURGH
PHILADELPHIA
BALTIMORE
Harper's Ferry
WASHINGTON
RICHMOND
West Pt.
NORFOLK
Charlottesv
Lynchburg
Danville
Bristol
Gallipolis
PITTSBURG
MANSFIELD
COLUMBUS
XENIA
CINCINNATI
INDIANAPOLIS
Terra Haute
LOUIS-VILLE
NASHVILLE
Ohio
CAIRO
Columbus
MEMPHIS
ST. LOUIS
Missouri R.
Springfield
Quincy
Burlington
Mississippi
GRAND TRUNK R.R.
CENTRAL VERMONT R.R.
HOOSAC TUNNEL LINE
BOSTON & ALBANY
NEW YORK CENTRAL R.R.
ERIE R.R.
PHIL. & ERIE R.R.
PENNSYLVANIA R.R.
GREAT WESTERN R.R.
CANADA SOUTHERN
DETROIT & MILWAUKEE R.R.
MICHIGAN CENTRAL R.R.
L. SHORE & MICHIGAN R.
BALTIMORE & OHIO R.
PITTSBURG Ft. WAYNE & CHI. R.R.
Gt. WESTERN R.R.
ATLANTIC & Gt. WESTERN R.
BALTIMORE & OHIO R.
OHIO & MISSISSIPPI R.
CHESAPEAKE & OHIO R.R.
VIRGINIA & TENNESSEE R.
ATLANTA & RICHMOND AIR LINE
CINCINNATI & SOUTHERN R.R.
LOU. NASH. & Gt. SOUTH'N R.
MEMPHIS BRANCH L.N. & Gt. S. R.
ILLINOIS CENTRAL
ST. LOUIS I. MT. N. & SOUTHERN R.R.
CHICAGO & NORTH WESTERN R.R.
CHICAGO ROCK I. & PACIFIC R.R.
BURLINGTON, QUINCY R.R.

THE ATLANTIC PORT DIFFERENTIALS

The Important and Official Documents
pertaining to the

ADJUSTMENT OF FREIGHT RATES

Between

The West and the North Atlantic Ports
1877-1917

With Full and Complete Index

By

JOHN B. DAISH, A. B. L., L. M.

Member of the District of Columbia Bar;
Author of "Procedure in Interstate Commerce Cases,"
etc., etc.

W. H. LOWDERMILK & CO.
Washington

TO MY FATHER

UNDER WHOSE CONSTANT INSTRUCTION
BUSINESS PRINCIPLES WERE INSTILLED AND
UNDER WHOSE CONTINUAL ENCOURAGEMENT
THE PRACTICE OF LAW HAS
BEEN CONDUCTED

CONTENTS

FOREWORD

In the preparation of this book, the author has not been unmindful of the fact that on several occasions he has had the honor to represent as attorney one of the ports vitally interested in the subject of Atlantic Port Differentials and on other occasions interests subject to freight rates based on differentials. He has reason, therefore, to studiously avoid the insertion in this work of any biased excerpts from documents or of his personal views, and to confine himself entirely to the historical method. This has necessitated the printing of documents in full, except where matter occurs wholly irrelevant to the subject.

Such complete reproduction of documents may seem unnecessary and tedious on account of occasional repetition but the reader will find connected with the subject of Atlantic Port Differentials, particularly as shown in the older and rare documents, a large volume of transportation fact and law, which well repays the consideration and study given it.

Acknowledgment is made of the courtesy of The Lawyers' Co-Operative Publishing Company of Rochester, N. Y., for permission to use its headnotes in several of the reports of the Interstate Commerce Commission. Also to Mr. Charles England, of Baltimore, for valuable suggestions and advice concerning the work.

THE AUTHOR.

WASHINGTON, OCTOBER, 1917.

INTRODUCTION

The importance of the relation of freight rates which shall prevail as between the North Atlantic ports can hardly be overestimated. The volume of tonnage which moves under these rates, the amount and kind of business which the several ports can and do profitably handle, the tonnage of the carriers to particular ports and many other matters are largely influenced, if not governed, thereby. Historically, the present rate fabric is the oldest in the country; it is the result of many rate wars (now happily ended), compromises, competitions, arbitrations and strifes of carriers and ports.

* * *

The beginning of low rail rates between the West and the Atlantic ports came primarily from a report made by a number of influential citizens of Baltimore on February 19, 1827, appointed a week before, on the feasibility of a steam railroad from that city to the West.* The legislature of Maryland on the 28th of the same month chartered the Baltimore and Ohio Railroad. The corner stone of this carrier was laid by the venerable Charles Carroll, of Carrollton, the only surviving signer of the Declaration of Independence, July 4, 1828. Harpers Ferry was reached in 1834, Cumberland in 1842, the Ohio River in 1853, and Chicago in 1874. Since the last mentioned date the Baltimore and Ohio has been a consistent advocate of less rates between Baltimore and the

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*The report was exhaustive, consisting of thirty-four printed pages; it dealt with the then existing commerce of the port of Baltimore, referred particularly to commerce with the Susquehanna Valley and pointed out the possibilities of trade with the West; the advantageous location of Baltimore was stated in the following language:—

"But important as this trade is to Baltimore [trade with the Susquehanna Valley], it is certainly of minor consideration, when compared to the immense commerce which lies within our grasp to the West, provided we have the enterprise to profit by the advantages which our local situation gives us in reference to that trade. Baltimore lies 200 miles nearer the navigable waters of the West than New York and about 100 miles nearer to them than to Philadelphia, to which may be added the important fact that the easiest, and by far the most practicable route through the ridges of mountains which divide the Atlantic from the western waters, is along the depression formed by the Potomac in its passage through them. * * * The only point from which we have anything to apprehend is New Orleans; with that city, it is admitted we must be content to share this trade because she will always enjoy a certain portion of it."

West than prevail for the northern ports,—and less rates, either on a percentage of distances or, in compromise, by agreed and fixed differentials.

* * *

The principle of making less rates to certain Atlantic ports and the crystallization in 1877 of fixed differentials as the measure of differences in rates seems to have been duly appreciated by the then railroad fraternity. The Differential Rate Agreement of April 5, 1877, was one of the causes of and prominent in an investigation by the Hepburn Committee appointed by the New York Legislature.* Before this Committee, as is shown by their testimony, the railroad officials justified the differences in rates to the ports by fixed amounts. (Proceedings of the Special Committee on Railroads, appointed under a resolution of the Assembly to investigate alleged abuses in the Management of Railroads chartered by the State of New York. New York, 1879.)

The President of the New York Central road (Mr. W. H. Vanderbilt), when asked concerning the Grand Trunk, said:

"They are trying to compete with us on 200 miles greater distance—the same as you would have us do with the Baltimore & Ohio" (p. 1258).

Later he said, "I think the railroads have done their full share towards the prosperity of the commercial interests of the State and the City of New York, from the very fact we are transporting goods in competition with other roads, 200 miles further for two cents more—300 miles further than Baltimore is; and the great demand, as I understand, and the principal demand, made by the merchants of the City of New York was, that we should do the business and carry their goods to New York at the same price they would to Baltimore and Philadelphia" (p. 1675).

The President of the New York, Lake Erie & Western Railway Company (Mr. H. J. Jewett), was interrogated:

"Haven't you agreed on behalf of the Erie Railway Com-

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*Special Committee on Railroads appointed under resolution of the Assembly of New York, February 28, 1879, to investigate alleged practices in the management of railroads chartered by the State of New York. A B. Hepburn was the Chairman.

pany to an arbitrary rate which makes a constant difference as against New York in favor of Philadelphia and Baltimore of respectively 2 and 3 cents a hundred?"

He replied: "Yes, sir; we have made that, and thought we were very successful when we got it reduced from 6, 8 and 10" (p. 1489).

Mr. Jewett was asked, "Is it true that New York City is now losing its business?" and he replied, "I think it is."

Question: "By reason of the shorter distance between Baltimore and Philadelphia and western centres?" He replied, "By reason of the efforts of those cities to increase their trade in building it up, by reason of the fact that their distance does reduce the actual expense, and by reason of the coöperation between other railroads and those cities in building it up, and by reason of the fact that their distance does reduce the actual expense" (p. 1493).

The Vice-President of the Erie (George R. Blanchard), who had formerly been connected with the Baltimore and Ohio, testified before the Committee as follows:

"Disregarding all matters of grade, curvature, labor, iron, bridges, tunnels, and everything else, here are to-day the actual results of the rates as they stand at this moment at thirty-five cents per one hundred pounds from the West to the City of New York. Then disregarding all this trash about the amount of their grades and their curvature, etc., is there anybody who can say that with coal delivered to the Baltimore & Ohio at ninety cents per ton, while our lowest price is two dollars, that with a difference in their favor of 200 miles of distance; that with cross-ties purchased in the mountains of West Virginia at one-half the money we have to pay, that with all these differences and disabilities, we can carry this extra distance for nothing and then show the same result per ton per mile on the whole distance? It is the most misleading suggestion that can possibly be submitted to the Committee" (p. 3193).

Concerning suggested equal rates to New York and Baltimore on flour, Mr. Blanchard said:

"We are not called upon by any mercantile principle or usage to carry that extra distance for nothing, and there are

no 272 miles of railroad that can be built for nothing, can be worked for nothing, that should be given to the public for nothing, any more than that the owner of the warehouse opposite this building should go to Baltimore, find out what the rent of a similar warehouse is, and fix his price upon the rent basis at Baltimore" (p. 3175).

* * *

The rate question most frequently considered in this country has been the relation of rates between North Atlantic ports and the West. At various times and in various ways the question has been considered and determined, always with substantially the same result.

To state the proposition as it was stated by Commissioner Prouty in 1905, (In Matter of Differential Freight Rates to and from North Atlantic Ports, 11 I. C. C. 13, 61, *post* 324):—

"The question itself is readily comprehended. That section bounded on the east by a line drawn from Pittsburgh to Buffalo, on the south by the Ohio River, on the west by the Mississippi River and on the north by the Great Lakes and a line drawn west from Chicago to Dubuque is known as differential territory. Rates between points in this territory and New York City are based upon the Chicago-New York rate; that is, the rate between any point in this territory and New York is either the same as the Chicago rate or a certain percentage of that rate. To other points upon the Atlantic seaboard the rate is higher or lower than that to New York by a given number of cents per hundred pounds.§ Rates upon all classes and all commodities, with the exception of grain and iron articles, are 2 cents lower to Philadelphia and 3 cents lower to Baltimore than to New York. To Boston rates are the same as to New York on export traffic while on domestic traffic they are higher by arbitrary amounts ranging from 7 cents per hundred pounds on first class to 2 cents

§Fixed differences above a base rate are not infrequently denominated "arbitraries." See Appendix, p. 463 *et seq.*

The term "differentials" is often used, but without authority, to mean nothing more than a difference; such use, as indicated, is highly improper because the term differentials necessarily implies the result of competition while a mere difference implies nothing but a mathematical process. Custom seems to justify in certain localities calling the difference in rates between carload and less-than-carload on the same article "differentials."

on sixth class and most, if not all, commodities. These arbitrary differences above or below the New York rate are termed in this proceeding differentials."

* * *

In addition to the diffentials above referred to there are and have been differentials applicable to ex-lake grain traffic —traffic coming by water to the Eastern lake ports and thence by rail to the Atlantic seaboard. These differentials have in the competition of carriers and localities become of great importance, not only because of these rivalries but also because of the volume of tonnage of grain moving from the Eastern lake ports by rail. The course of these differentials is shown in the Memorandum of the Auditor, Interstate Commerce Commission (*post*, p. 243). The present ex-lake differentials appear in the Appendix.

* * *

The making of rates on fixed differentials between points is not at all unusual, particularly where rates are made on the group or zone system.*

* * *

While there is authority for referring to the amounts by which rates are determined for Boston, Philadelphia and Baltimore over (in the case of Boston) and under (in the case of Philadelphia and Baltimore) the New York rate, the term differential or differential rates is also applied to the rates applicable after the process of addition or subtraction has been accomplished and as well to the schedules of rates from and to the seaboard via so-called differential routes, all rail, ocean-and-rail, rail-and-lake and lake-and-rail. A differential route has been aptly described as a route with a disability, meaning thereby that the route by reason of length of line or other condition is not able to give the service which the so-called standard lines afford.

* * *

While the subject of the relation of rates between the four Atlantic ports, New York, Boston, Philadelphia and Baltimore, had for some years been a matter of controversy, the

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*See Appendix, p. 463 *et seq.*

corner stone of differential rates is to be found in the Differential Rate Agreement of April 5, 1887 (*post.* p. 1). The Interstate Commerce Commission does not recognize as lawful the provisions of this agreement (*post.* p. 401, 425) but its terms and conditions and, as well no doubt, its purposes, have (to say the least) been respected. Each time there has been a decision, as the result of an arbitration, formal proceeding before, or general investigation by, the Interstate Commerce Commission, this document has served as a pole star for the deciding party or body.

* * *

The original difference in rates between the ports began, so far as the customary record is concerned, in 1869, at which time the agreed differential in favor of Baltimore under New York on grain was 10 cents per 100 pounds.* In 1870, the

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*The following excerpt from the testimony of Mr. George R. Blanchard before the Hepburn Committee in 1878 is indicative of the rate situation of the time, as well as showing the differences prevailing between the Atlantic ports:

"Prior to 1875 the westbound through rates were made ten cents on first class ten on second, ten on third, eight on fourth, and five cents on fifth class, less from Philadelphia than the same classes were charged at from New York; at the same time the Baltimore differences were under New York twenty-five cents on first class, twenty cents on second, fifteen on third, ten on fourth and ten on special.

Q. Were they that amount lower? A. That amount lower on each class per hundred pounds than the rates from New York. As to Chicago and the northwest, from Baltimore they were fifteen on first class, ten on second, ten on third, eight on fourth, and five on special; and I here wish to say that while upon the Baltimore & Ohio Railroad, I paid no attention whatever to these differences, but on many classes of dry goods made the difference fifty cents a hundred under New York, or whatever we could get; we had no schedule of differences, and we had no rule of differences established, but when we got the tariff of the New York roads we simply sat down and made our rates what we pleased; because there was no agreement and no condition to the contrary. I came to New York at different times while I was connected with the Baltimore & Ohio Railroad, and demanded of the New York roads a percentage difference based upon mileage, because I believed at that time that the Baltimore & Ohio Railroad was entitled to it, and as far back as prior to 1872, I was in every case resisted in that demand by every one of the New York railroads. In the spring of 1875 it was arranged that to points on and north of the Fort Wayne Road the difference in favor of Philadelphia should bear a percentage of difference instead of a fixed difference, and Philadelphia was allowed nine per cent. less than New York, which upon a dollar rate would be nine cents, and Baltimore thirteen per cent.; south of the Fort Wayne Railroad, where the advantage of distance was greater by way of Pennsylvania, Philadelphia had an allowance of ten per cent., and Baltimore fourteen per cent. This continued until the agreement of the 5th of April, 1877, for the adjustment of the differences between the seaboard cities." (3040-3041.)

difference was reduced to 5 cents per 100 pounds following a war of rates. This difference continued up to 1876 upon grain and the lower classes of freight. While there was an agreed difference to Baltimore of 10 cents per 100 pounds on first, second and third class freight, it is uncertain what were the then rates to Philadelphia and Boston.

A westbound tariff of November, 1875, showed differences under New York as follows:

Class.	1st	2d	3d	4th	Special
Baltimore, ...	10c	9c	8c	6c	5c
Philadelphia, ...	7c	7c	6c	4c	3c

In 1876 the system of making stated differences in rates based upon the New York rates, was abandoned and there was put in effect on April 13th a tariff which was based upon the relative distances of the Atlantic ports from Western common points.§ This plan made rates from Baltimore to Chicago 13 per cent. and to Philadelphia 10 per cent. less than to New York; from Cincinnati, the percentages were greater. This agreement lasted but a short time when the New York Central and Erie Railway withdrew therefrom, and a war of rates followed, lasting until July 1, 1877, when the Differential Rate Agreement (*post.* p. 1) took effect.

* * *

Under the Differential Rate Agreement, eastbound rates to Baltimore were 3 cents, and to Philadelphia 2 cents, less than to New York. Westbound freight from Baltimore was 8 cents on the first two classes, 3 cents on the third and fourth classes, and from Philadelphia 6 cents on the first two classes and 2 cents on the third and fourth classes, less than from New York. Rates to Boston were to be no less than to New York.

* * *

Subject to the fact that after 1877 there were numerous rate wars of greater or less duration and severity, and subject to grave doubt whether or not the agreed differentials

§See Mr. Blanchard's testimony before the Hepburn Committee, quoted in the previous note.

were maintained, the arrangement under the Differential Rate Agreement lasted until 1881, at which time the several ports became very restive and the carriers submitted the matter to Albert Fink, then Commissioner of the Trunk Lines. The Fink report (*post* .p. 5) was such, that for a brief time the main portions of the Differential Rate Agreement continued in force and effect.

* * *

The merchants at the several ports seemed to have been dissatisfied with the report of Mr. Fink, and the Trunk Lines, apparently with a view of permitting the mercantile interests of the several ports to present their respective claims concerning the relation of rates, submitted the matter in 1882 to an Advisory Commission consisting of Hon. Allen G. Thurman, Hon. E. B. Washburne, and Hon. Thos. M. Cooley, (*post* p. 65).

After extended hearings the Advisory Commission submitted its report (*post*. 69). As a result of this report, affirming the Differential Rate Agreement, the situation continued substantially the same as it had theretofore been, subject to the question whether or not the differentials were actually maintained.

* * *

On the organization of the Interstate Commerce Commission, the number of classes of freight was increased from four to six. The differentials to Philadelphia and Baltimore which had prevailed upon articles taking third and fourth class were made applicable to classes five and six, and commodities. Since the organization of the Interstate Commerce Commission, it has had before it, on several occasions, the question of these differentials; the important decisions appear herein.*

Since 1887, there has been no change in the amount of the differentials on classes. In 1899, the carriers reduced the differentials on export grain by one-half, so that the differential for Baltimore was one and one-half cents and for Philadel-

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*It is not too much to say that the important matter of port differentials having been settled by a "commission" and with satisfaction to all interests, this fact had great influence in creating the Interstate Commerce Commission.

phia one cent (*post*, p. 247). Certain reductions were also made in 1904 in the differentials on iron and steel articles east bound. As a result of the 1905 controversy, the differential on flour was reduced from three cents to two cents at Baltimore and from two cents to one cent at Philadelphia (*post*, p. 334).

* * *

The course of ex-lake grain rates has been erratic, as will appear from an examination of their history (*post*, p. 249, *et seq.*). At present the ex-lake differential under New York on export grain is 3/10 cent to Philadelphia and Baltimore, except barley, 2/10 cent; Boston has New York rates. On domestic ex-lake grain, rates are the same to all ports, except Boston, to which differentials over New York apply.*

* * *

By consent of the carriers the rates to and from Montreal and points in Differential Territory are on the Philadelphia basis; similarly the rates to and from Norfolk and Newport News are on the Baltimore basis. None of the three places mentioned were considered in the Differential Rate Agreement, because at that time they were not factors in the export and import trade.

* * *

The differentials apply, whatever may be the rate. If the New York-Chicago first-class rate is 75 cents (as it was for many years) the rates from the other ports are ascertained by means of the differential applicable to each port. The present first class rate New York-Chicago is 90 cents, and rates for other ports are ascertained by the proper differentials.§ In other words, given the New York rate, the rate to or from the other Atlantic ports is ascertained through the simple mathematical process of subtraction or addition.

Not only do the differentials apply to the sea ports but they also fix the rates for certain deliminated territory adjacent to the sea ports, which territories are respectively denominated "Boston rate points," "Philadelphia rate points" and "Baltimore rate points."

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*Wheat 1.6 c; corn, 2.4c; rye, 1.8c; oats, .5c; flaxseed, 1.8c; barley, 1.3c.

§The present rates between Chicago and New York are for the six classes, as follows: 90-79-60-42-36-30.

In any consideration of the relation of rates between the North Atlantic ports, the first question which arises is whether or not there should be any difference. If it be resolved in the affirmative, the question then arises how shall such difference be made; shall it be determined to have the difference a fixed one or shall the amount vary according to some stated condition? If it be determined in the negative, the question then arises shall the New York rate be reduced to the level of the lowest rate prevailing to the seaboard or shall the lowest rate and all intermediate rates be increased to the New York basis? It will readily be seen that, however the initial question may be decided, serious complications must arise in the execution of it.

* * *

One might think that the interests of the several Trunk Lines, each striving to secure the utmost traffic for its port, would make the question of rates thereto largely local and also that the interest of a particular port would be identical with the interests of the carriers serving it. Such, however, is not the case. The growth and complexity of railroad business, the making of many routes (through some of which each Trunk Line or System serves directly or indirectly each and all of the ports) have made the matter of the relation of rates to and from the ports a national question.§ The manufacture of finished products at the seaboard from raw materials secured in the West, the equipment of the ports for particular and special kinds of business, and the establishment of ocean lines to certain destinations, in addition to the creation of new routes above referred to, have often made the interests of a port adverse to the interests of the carriers directly serving it.*

* * *

There is a close connection between the Percentage Map (*post*, p. 343), applicable to rates between Central Freight Association Territory, and differentials to and from the Atlantic seaboard. Rates between Percentage points in the west and New York are ascertained by applying the proper per-

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§See Fink Report, *post* p. 75.
*See Appendix, p. 443, *et seq.*

centage to the Chicago-New York rates; rates for other ports are the customary differentials under (in the case of Boston over) the rates so ascertained. The adoption of the Percentage Map by the Baltimore and Ohio followed the refusal of the New York lines to longer permit Baltimore rates to be based on relative distances to New York (see, *ante,* p. xv, and *post,* p. 345), and was substantially concurrent with the Differential Rate Agreement.

* * *

The history of the rates, classes and principal commodities, can be traced in the Memorandum of the Auditor, Interstate Commerce Commission (*post,* p. 243). The present differentials, as well as method of making inter- and intra-territorial rates for New England, Trunk Line and Central Freight Association territories, will be found in the order of the Interstate Commerce Commission, Five Per Cent. Case, January 4, 1915, reproduced in the Appendix hereof.

DIFFERENTIAL RATE AGREEMENT

APRIL 5, 1877.

1

MEMORANDUM OF AGREEMENT, made this 5th day of April, A.D. 1877, between the New York Central and Hudson River Railroad Company, the Erie Railway Company, by H. J. Jewett, Receiver, the Pennsylvania Railroad Company, and the Baltimore & Ohio Railroad Company, witnesseth:

To avoid all future misunderstandings in respect to the geographical advantages or disadvantages of the Cities of Baltimore, Philadelphia and New York, as affected by rail-and-ocean transportation, and with the view of effecting an equalization of the aggregate cost of rail and ocean transportation between all competitive points in the West, Northwest and Southwest, and all domestic or foreign ports reached through the above cities, it is agreed:

FIRST.—That in lieu of the percentage differences heretofore agreed upon, there shall be fixed differences upon the rates on all Eastbound traffic from all competitive points beyond the western termini of the Trunk Lines, whether on freight shipped for local consumption or shipped locally and afterwards exported or shipped for direct export. These differences shall be as follows:

Three (3) cents less per hundred to Baltimore, and two (2) cents less per hundred to Philadelphia than the agreed rates established from time to time to New York, and all such traffic shall be billed at the rates thus fixed, and no export or other drawback shall be paid thereon. It being further agreed, that the cost to the shipper of delivering grain at each port from the terminus of each of the roads to the vessel in which it is exported, as well as the number of days free storage allowed thereon, shall be the same.

SECOND.—That the rates to Boston shall at no time be less than those to New York on domestic or foreign freights.

THIRD.—Should rail and ocean steam through bills of lading be issued, neither of the parties hereto will accept as its proportion less than its current local rates to its seaboard termini; but

no joint rail and ocean sail bills of lading shall be given or recognized by the parties hereto.

FOURTH.—That on all Westbound traffic passing over the roads of the parties hereto from competitive points at or east of their respective Eastern termini to all competitive points West, Northwest or Southwest of their Western termini, the differences in rates from Baltimore and Philadelphia below New York shall, on third class, fourth class, and special, be the same as the differences fixed on Eastbound business and on first and second classes, eight (8) cents less per 100 from Baltimore, and six (6) cents less per 100 from Philadelphia than the agreed rates from New York. And that after existing contracts governing foreign business can be terminated, neither of the parties hereto will accept as its proportion of the through ocean, steam and rail rate less than the established local rates.

FIFTH.—All agreements inconsistent herewith are hereby annulled.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year aforesaid, to this agreement, which is intended to be permanent; but if either party desires modification, three months' notice must be given of such desire. Said modification to be made by mutual agreement.

(Signed)

N. Y. Central & Hudson R. R. Co.,
by Wm. H. Vanderbilt, V. P.

The Erie Railway Company,
by H. J. Jewett, Receiver.

The Pennsylvania Railroad Co.,
by Thomas A. Scott, Pres't.

The Baltimore & Ohio R. R. Co.,
by John W. Garrett, Pres't.

True copy of original.
W. H. Ijams, Sec'y.

REPORT

UPON THE

ADJUSTMENT OF RAILROAD TRANSPORTATION RATES

TO THE

SEABOARD.

BY

ALBERT FINK.

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REPORT

UPON THE

ADJUSTMENT OF RAILROAD TRANSPORTATION RATES

TO

SEABOARD CITIES.

NEW YORK, Dec. 1, 1881.

I herewith submit a report upon the adjustment of transportation rates over the Trunk Lines between the seaboard cities and common competing points in the West, with statistical information relating thereto. The question is: What shall be the relative transportation charges by rail from common shipping points in the West to New York and the other Atlantic seaboard cities?

During the last twelve years changes have been made from time to time in the adjustment of rates which it will be interesting to note.

In 1869 the agreed difference in favor of Baltimore in the rate on grain was 10 cents per 100 pounds. In 1870, after a war of rates, it was reduced to 5 cents per 100 pounds. Up to 1876 this difference remained the same on grain and the lower classes of freight, while there was an agreed difference of 10 cents per 100 pounds on first, second and third-class freight.

On Westbound freight the difference in favor of Baltimore and Philadelphia, as per tariff of November, 1875, was as shown below:

	1st Class.	2d Class.	3d Class.	4th Class.	Special Class.
Baltimore	10c.	9c.	8c.	6c.	5c.
Philadelphia	7c.	7c.	6c.	4c.	3c.

In March, 1876, the system of making fixed differences in rates based upon New York rates was abandoned, and the Trunk Lines agreed to and the Western roads adopted, on April 13, 1876, a tariff which was based upon the relative distance of the cities named, from Western common points. According to this tariff, the rates from Chicago to

Baltimore were 13 per cent., and to Philadelphia 10 per cent. less than to New York. From Cincinnati to Baltimore, 24 per cent. less, and to Philadelphia, 12 per cent. less than to New York.

A month and a half after these rates were adopted, the New York Central Railroad and Erie Railway withdrew from this agreement, as it gave too great advantage to Philadelphia and Baltimore. A war of rates commenced, and continued until July, 1877; when the agreement of April 5, 1877, went into effect. Fixed differences in rates were re-established instead of the differences based upon relative distance from common shipping points.

On Eastbound freight the rates were made according to this agreement, from all points West to Baltimore, 3c., and to Philadelphia 2c., less than to New York. On Westbound freight the rates from Baltimore and Philadelphia were less on different classes, as is shown below:

	1st Class.	2d Class.	3d Class.	4th Class.
From Baltimore	8c.	8c.	3c.	3c.
" Philadelphia	6c.	6c.	2c.	2c.

The agreement of April 5, 1877, was made with the view of equalizing the aggregate cost of rail and ocean transportation between competing points in the West and all domestic and foreign ports reached through Baltimore, Philadelphia and New York.

The closing article of this agreement reads: "This agreement is intended to be permanent; but if either party desires modification, three months' notice must be given of such desire, said modification to be made by mutual agreement."

The agreement is signed by Messrs. William H. Vanderbilt, H. J. Jewett, Thomas A. Scott and John W. Garrett.

The New York Central Railroad Company gave the required notice, June 3, 1880, on the ground that the differences in rates adopted April 5, 1877, and which went into effect July 1, 1877, were based upon the then existing ocean rates, with the view of equalizing shipments from common points west to common points in Europe, making at that time the rates substantially the same on all export business through the different ports; but that since that time reductions have been made in the ocean rates from Philadelphia and Baltimore, which bring them nearly on the same level with those from New York, thus giving the Southern ports greatly the advantage over New York on export freight.

No official discussion with the view of modifying "by mutual agreement" the differences, as it was provided in the contract of April 5,

1877, has taken place, but in unofficial intercourse between the officers of the different railroad companies, the ground is generally taken by the New York roads that the inland rates to Baltimore and Philadelphia should be the same as to New York. This claim is not admitted as just by the Pennsylvania and Baltimore and Ohio Railroads.

The question arises, What is a proper and equitable adjustment of rates, taking into consideration all the facts bearing upon the subject?

Great difficulties and complications are encountered in answering this question.

The object is to determine the relative charges for transportation by rail to the seaboard cities, with the view of securing to each of the competing railroad companies a fair share of the traffic, without at the same time unjustly discriminating between the commercial communities, each of which must have an equal chance, unrestricted by arbitrary transportation charges, to compete with the other in the markets of the world.

The first difficulty met in solving this problem is: No one has, or can have, any definite idea as to what constitutes an equitable distribution of the competitive traffic between the rival railroads and between the rival cities. There is only one conviction strong in the mind of each of the interested parties, viz., that it should have all that can be secured.

In the second place, if any definite idea could be formed as to what constitutes a just and equitable distribution of traffic, it would be impracticable and impossible to predetermine the relative transportation charges that would result in the desired distribution.

Thus the problem to be solved is shrouded in uncertainties. Results are to be reached, which no one is able to define, and means are to be used, of which it is impossible to predetermine their exact effect. Yet it is absolutely necessary that there should be some agreement as to the relative transportation rates to and from the competing cities, as a failure to agree upon such rates must naturally result in expensive and costly railroad wars, and in the final ruin of this great railroad property, and its calamitous consequences.

A war of rates such as has been waged for the last four or five months between the Trunk Lines, costs the railroad companies east of the Mississippi River, represented on the Joint Executive Committee, at the rate of from twenty-four to thirty millions of dollars per annum.

This is the difference between just and reasonable compensation, to which the railroad companies are justly entitled, and the actual compensation which they receive.

These wars not only affect the interests of the railroad companies—

the great number of the American people, who have invested their means in this property—but they also affect the interests of others, particularly the mercantile classes of our people. These fluctuations and uncertain rates of transportation unsettle commercial transactions, bring about unjust discriminations, and many of the other evils of which the people complain, and for which railroad companies are so often blamed, but unjustly so, considering the complications and difficulties encountered in the solution of the problem.

The question of the proper adjustment and permanent maintenance of reasonable and just transportation rates between the competing railroad companies, must, therefore, be considered of the greatest importance not only to the railroad companies, but it is really a question of national importance.

I make these remarks to justify the attempt at a thorough investigation of the subject, with a view of discovering, if possible, whether there are not some certain fixed principles that could be recognized as correct by all parties, according to which a proper adjustment of rates could be made from time to time that could be permanently maintained, and by which the evils that must follow from a failure to agree upon this important question, could be prevented.

It will be necessary to first consider what has been the result of the adjustment of rates as at present agreed upon, and in what respects they are not satisfactory, and whether there are good reasons why a modification should be made.

THE RESULTS OBTAINED UNDER THE OPERATION OF THE AGREEMENT OF APRIL 5, 1877.

Statement A has been compiled from the Produce Exchange Reports, showing the receipts of grain and flour (converted into grain at 4½ bushels per barrel) at New York, Boston, Philadelphia and Baltimore, during the existence of this agreement.

Expressed in percentages of the total receipts of grain and flour at the cities above named, the following distribution has taken place:

	1878.	1879.	1880.
New York	56.0	52.6	53.5
Boston	10.0	10.6	11.7
Philadelphia	16.7	15.3	15.6
Baltimore	17.3	21.5	19.2

The above statement includes the receipts by canal and other routes besides the Trunk Lines, as well as the receipts by the Trunk Lines

from local points on their roads east of the terminal points, which latter cannot be considered as competitive traffic between the Trunk Lines.

Statement B shows the receipts of Eastbound tonnage of all classes by rail over the four Trunk Lines to Boston (including New England), New York, Philadelphia and Baltimore (exclusive of the traffic carried to Boston *via* the Grand Trunk Railway). This traffic originates at, and west of, the termini of the Trunk Lines (Buffalo, Pittsburgh, Salamanca, Wheeling, Parkersburgh, etc.), and may be considered as competitive traffic.

The result expressed in percentages of total tonnage carried by the four Trunk Lines is as follows:

	1878.	1879.	1880.
New York	42.8	43.2	44.3
Boston (including New England)	22.0	19.5	23.3
Philadelphia	17.6	18.4	16.1
Baltimore	17.6	18.9	16.3

The same statement also shows the Westbound traffic from the four cities named, including that carried by the Grand Trunk from Boston, and from a number of competitive points in New England.*

	1878.	1879.	1880.	1881. (8 months.)
New York	58.1	54.2	54.6	56.3
Boston	16.2	16.3	16.5	18.9
Philadelphia	15.5	16.1	16.0	13.6
Baltimore	10.2	13.4	12.9	11.2

In examining these statements, one must be struck with the small fluctuations in the distribution of Eastbound and Westbound traffic that have taken place since the agreement of April 5, 1877; and the conclusion might be drawn from the facts presented, that the adjustment of rates then agreed upon should be satisfactory, as the relative proportion of the whole competitive traffic carried to and from each of the rival cities has remained about the same, or as nearly so as could be reasonably expected. The great increase in traffic has been shared proportionately by each of the several cities. Neither city would, there-

*The tonnage carried by outside lines from New York, which have entered into competition since 1878, and which is not included in the above statement, readily accounts for the reduction in the percentage carried by the four Trunk Roads from New York.

fore, seem to have a right to complain, nor the Railroad Companies, whose interests are identified with these cities.

It is, however, maintained by the New York Central Railroad Company, that the facts here presented are not conclusive. It is admitted, that on account of what was considered an unfair adjustment of rates, certain concessions have been made to shippers to New York, by which the differences in rates in favor of Philadelphia and Baltimore were, in a measure, counteracted. The New York Central Railroad Company maintains that if the present agreed differentials had been strictly adhered to, business that legitimately belongs to New York would have been diverted to the Southern ports.

This, of course, raises a new question, viz.: What has been the actual relative adjustment of rates for the period during which the distribution of traffic took place, as reported in the foregoing statements?

If this were known, some opinion could be formed as to the future adjustment. It is not maintained that any of the Trunk Lines or their connections have very strictly adhered to the established and published tariff. It is very probable that concessions made by the New York roads have been promptly, although not openly, met by the other railroads, and *vice versa*.

It might be possible, but it would be very difficult, to ascertain the actual rates that were charged to each of the cities by each of the roads during the periods named. Could this information be obtained, it might form a correct basis for a new adjustment of differences in rates, provided it is conceded that the distribution of traffic during the last three years has been satisfactory.

But in the absence of the knowledge of the actual rates that have been charged under which these results were reached, we have only to deal with the simple fact, that during the last three years, under an adjustment of rates that is unknown, there has been no material change in the relative distribution of the traffic between the four cities. During a portion of the time, in 1878-79, hardly any serious attempt was made to maintain rates. During a period in 1879 a war of rates was carried on; but, commencing with July, 1879, and during the year 1880, rates were more strictly maintained than at any previous time in the history of the Trunk Line competition; but even during that period the railroads made rates from time to time to suit their own interests, regardless of the agreed adjustments.

We must, therefore, conclude that the results as presented in Statements A and B, were obtained under free competition, restricted during some portions of the time within narrower limits than under an open war of rates. While, therefore, these statistics have no value in

determining the operations of differential rates in the past, or for the purpose of basing upon them a new adjustment, they possess great value as showing the distribution of traffic under the operation of free competition, uninfluenced by any fixed adjustment of transportation rates.

Another very important conclusion must be drawn from the facts presented, viz.: That the constancy with which this distribution has taken place under the free competition of the transportation lines, must be ascribed to the existence of certain laws and conditions that determine the distribution of traffic under free competition, as such constancy in results could hardly be expected from mere accidental causes.

It, therefore, becomes of great interest to determine, if possible, what are these conditions that influence and control the distribution of traffic between the rival Railroad Companies and rival commercial communities? Upon this point I wish to present the following views:

THE PRIMARY CONDITIONS THAT CONTROL AND LIMIT THE DISTRIBUTION OF TRAFFIC UNINFLUENCED BY TRANSPORTATION RATES.

First.—One of these conditions is: The relative carrying capacity of the Railroads and Transportation Lines, and the extent of their Terminal Facilities.

The carrying capacity of the Trunk Lines is, during a portion of the year, taxed to its full extent; at least this has been the case in the last two years, during which statistics have been kept in this office, showing the tonnage carried by the Trunk Lines while they were taxed to their fullest capacity. If any one of the Trunk Lines had carried freight for nothing during that period, it could not have increased its tonnage at the expense of its competitors.

The question of the adjustment of rates, under these circumstances, has, therefore, no practical bearing upon the distribution of traffic between the Trunk Lines; and as this distribution affects, in a measure, the distribution between the cities, it has no bearing upon the latter.

The statistics of the relative amount of traffic carried by each Trunk Line, show the important fact, that the relative amount of business transacted during the period when the Trunk Lines were taxed to their fullest extent, and when the adjustment of rates could have no influence, did not materially differ from the relative amounts of tonnage carried during the whole year; which shows that there are certain laws and conditions which regulate the distribution of traffic even at times when there is not as much business as the railroads can carry.

This is further proven by statistics, showing that from June 15, to November 1, 1881, during the present war of rates, when each road

made such rates as it saw fit, the distribution of the competitive traffic between the Trunk Lines has not materially changed, as compared with the preceding twelve months, ending June 1, 1881, during which period there was a nearer approach to a maintenance of rates than at any previous time.

It appears from these statistics, that the variations in percentages of total tonnage carried by the four Trunk Lines during the war of rates, as compared with the previous year, when the railroads received reasonable compensation for their services, were as follows:

The N. Y. C. & H. R. R. R. gained—1.1 per cent.
The N. Y., L. E. & W. R. R. gained—1.1 per cent.
The Pennsylvania R. R. ....gained—0.5 per cent.
The Balt. & Ohio R. R. ....lost—2.7 per cent.

The reduction in the percentage of the Baltimore & Ohio Railroad was, no doubt, due to the failure of the grain crop in the territory which is especially tributary to that road. It may also be partially due to the policy of the Baltimore & Ohio, during a war of rates, not to carry freight at a loss.

These statements, it may be remarked here, prove how unprofitable are wars of rates. They do not change the distribution of traffic between the competing lines or even between competing cities; their only effect is a general reduction in the revenue of the roads engaged in them.

To prove more conclusively that the relative carrying capacity of the Trunk Lines, and their terminal facilities, primarily control the relative amount of traffic received by each city, Statement D has been prepared, showing the grain receipts at the five Atlantic seaboard cities during the last fifteen years, from 1865 to 1880, inclusive; also including the year 1860.

Immediately after the war, in 1865, the Baltimore & Ohio Railroad commenced to enter into competition for the grain carrying business, by establishing lines of steamers from Baltimore and by extending their railroad system and connections in the West, through leases, and by constructing new roads. Its main line was extended to Chicago in 1874.

Meanwhile, the Pennsylvania Railroad Company had also extended its railroad system in the West, and controlled or owned most of its Western connections. It had acquired the Northern Central Railroad, and had improved its terminal facilities in Baltimore and Philadelphia. We notice, on Statement D, consequently, constant increase in the receipts of grain at Philadelphia and Baltimore. The receipts at Philadelphia increased from 8.6 per cent. in 1865, to 12.3 per cent. in 1870.

and to 17.4 per cent. in 1876. The Baltimore receipts increased from 11.4 per cent. in 1865, to 16.9 per cent. in 1876.

It was during the war of rates in 1876 that the receipts at Baltimore increased 4.7 per cent. over the previous year, showing the effect of the improvements made in transportation and terminal facilities, during a year of free competition between the transportation lines, uninfluenced by any arbitrary adjustment of rates.

In the meantime New York had not been idle. Improvements in its terminal facilities were commenced, and increased efforts were made to maintain its grain trade; and we find from Statements A, B and D, that since 1877, during which period the terminal and transportation facilities have remained relatively about the same in the various cities, the distribution of the traffic between those cities has not materially changed.

Another illustration of the correctness of the above assertions as to the controlling power of terminal facilities, is furnished by the experience of 1881. During the last year, great additions have been made to the terminal facilities at New York, by the erection of elevators for the New York, Lake Erie and Western and Pennsylvania Railroads, while the terminal facilities of the Southern ports have remained stationary. We already see the practical effect during 1881 in the grain receipts in the City of New York. While the canal has not brought much more than one-half the proportion of grain to New York which it carried last year, the increased rail receipts have made up the deficiency, so that the relative amount of grain received at New York during this year is about the same as last year. Without these increased terminal facilities, New York would, no doubt, have received less grain, because the competition between the railroads has reduced to such a great extent the receipts by canal. This was the case during the war of rates in 1876, when the relative grain receipts in New York were less than in any year since 1865.

From these facts, showing the controlling influence of the relative carrying capacity of the railroads and of the terminal facilities upon the distribution of traffic, the conclusion must be drawn, that any arbitrary adjustment of rates which might be agreed upon, could not be maintained for any length of time, if it would have the effect of counteracting these more powerful controlling agencies.

The past history of competition between the Trunk Lines fully establishes the fact, that arbitrary differentials have been maintained only so long as it suited the interests of the competing roads. The distribution of the grain traffic during the last fifteen years between the five cities, as recorded in Statement D, must be considered as the result

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of free competition between the railroad companies, and the result of their efforts to improve their transportation and terminal facilities, uninfluenced by any arbitrary adjustment of rates.

It is important to keep this fact in view, as it will aid in answering the question, "What constitutes just and equitable adjustment of transportation rates?" viz.: That adjustment is the proper one which does not interfere with the natural distribution of traffic as influenced by the transportation facilities of the competing roads. The railroad companies and the commercial communities must rely upon their own efforts to improve the conditions that legitimately influence the distribution of traffic, rather than upon the efforts of competing roads to maintain an arbitrary adjustment of rates, or to undercut rates one against the other.

As a second condition which influences the distribution of the grain traffic (constituting about 73 per cent. of the total Trunk Line Eastbound tonnage to the seaboard cities), may be mentioned the storage capacity of private warehouses in the various cities, which limit the business transactions, regardless of transportation rates, in the same way as the carrying capacity and terminal facilities of the railroads.

The great influence which this storage capacity exercises over the distribution of traffic, is illustrated by the experience of Baltimore during last summer. Baltimore, having only a storage capacity of one-fifth of that of New York, could not, under the then existing circumstances, have received more than a certain amount of grain, even if it had been carried to that city for nothing. The limiting influence of the storage capacity is mostly felt during times when there is no, or a small demand for export grain. After the storage capacity is exhausted, the railroads can only carry sufficient grain to supply the demand from day to day. Emergencies of this kind frequently occur, and form a strong element in influencing the final results of the distribution of traffic between the seaboard cities, regardless of adjustment of transportation rates.

The effect of temporary restrictions of the trade of a city, extends far beyond the time during which they exist. Frequent blockades, caused by want of storage capacity, are a permanent injury, and can only be avoided by large additional outlay of capital.*

*The correctness of these views, and the effect of limited storage capacity in restricting the distribution of traffic between the rival cities, is shown by the following extract from a letter, published in the American Exchange, January 3, 1882. The letter was written by a New York grain merchant, who also does business in Baltimore, in answer to an inquiry whether a certain difference in rates in favor of Baltimore would overcome the advantages which New York possessed. It says: "Yes, we believe that if Baltimore will simply increase her storage facilities, and give reasonable guarantees that she will hereafter refrain from the suicidal policy

Third.—Other conditions that influence the distribution of traffic are, the established commercial relations of each city in this and foreign countries, the capital employed, the enterprise of its merchants, the shipping facilities, especially as influenced by the import trade, and even by the current passenger and emigrant business—all these elements exercise the strongest influence in determining the current of trade.

The advantage which one city may possess in this respect cannot be readily counteracted by others less favorably situated; at least, any change in these conditions that influence the amount of business transacted, must necessarily be of but slow growth. The older and established markets should and generally do keep up with the improvements made by their younger competitors, and it is, therefore, reasonable to expect that their relations in this respect will remain permanent. But if changed, the change is certainly a legitimate one, and should not be counteracted by any arbitrary adjustment of transportation rates.

Fourth.—One of the most important controlling conditions affecting the distribution of traffic between the Trunk Lines, and, in a measure therefore, between the Atlantic seaboard cities, is, the location of the competing railroads, and of their connections relative to the territory from which they draw their business.

There seems to be a general impression that the bulk of the traffic of the Trunk Lines is drawn from the principal points of competition where the products of the country are collected, such as Chicago, St. Louis, Cincinnati, etc. That this is not the fact, will appear from Statement E, which shows the sources from which the traffic that passes over the four Trunk Lines is derived; it also shows the relative amount of traffic obtained from each of these sources.

From this statement it appears that the principal points of competition, Chicago, Peoria, St. Louis, Indianapolis, Cincinnati, and Louisville, furnish only 26.25 per cent. of the whole amount of traffic carried by the four Trunk Lines. The traffic from these cities has heretofore been apportioned between the terminal roads, and the question of the adjustment of rates is, therefore, of little importance, as far as the railroads are concerned, if the agreement in regard to division of traffic is perfected and carried out.

Four other important points, Milwaukee, Cleveland, Detroit and Toledo, furnish 9.76 per cent. of the total traffic. At Toledo the Wabash, St. Louis and Pacific Railway traffic is already divided. At

of exorbitant storage charges" . . . .
"She could live and hold her own even upon an equal freight basis with New York."

This means, if Baltimore had the same facilities of transacting business as New York (the increased storage charges being the result of want of storage capacity), Baltimore could hold her own at even transportation charges.

Detroit a division has been contemplated, and if the agreement is perfected, the question of an exact adjustment of rates will be eliminated from this portion of the competitive traffic.

From fifteen other less important points (enumerated in Sec. III of Statement E), where there is comparatively a small amount of business, and the competition is confined to fewer roads, only 6.99 per cent. of the whole Trunk Line Traffic is derived. It would not be difficult to also agree on a division of traffic from these sources.

The terminal points of the Trunk Lines furnish 13.64 per cent., to which Buffalo alone, where there are practically only two competing lines, contributes 9.83 per cent.

Outside of the competitive points enumerated in this statement, 43.36 per cent. of the total traffic is derived from places not enumerated in the first four sections of the statement, and which are classified according to States in Sec. V. The bulk of this traffic must be looked upon in the nature of local traffic, as it is gathered up by the railroads along their lines, and for which there is practically little or no competition. The distribution of this traffic between the Trunk Lines is practically determined by the location of the connections of the Trunk Lines, regardless of the adjustment of rates, as this business is, or can be, controlled locally by the roads to which it is directly tributary.

For example, the traffic of the Pennsylvania Railroad, with its system of connecting roads, owned and controlled by it, comes, one-half from other sources than the points of competition named in the three first sections of Statement E. It comes from local points along its lines. Only one-fourth comes from the principal competitive points named in Sec. I., and the other fourth from the smaller competing points as well as from the terminal points. This readily accounts for the constancy in the relative proportion of the business received by the Pennsylvania Railroad, as well as by the other roads, regardless of rates, whether there is a war of rates or an agreement to maintain rates. The same feature as controlling the distribution of traffic is also strongly marked in the Baltimore and Ohio Railroad. Fifty per cent. of its business is derived from the States of Illinois, Indiana, and Ohio, outside of the competitive points specially enumerated in the statement. Only twenty per cent. is derived from the principal competitive points; about five per cent. from the States west of the Mississippi River, and the rest is gathered up from the smaller points of competition and terminal points. Ninety per cent. of its total business is derived from points east of the Mississippi River and south of Chicago, including Chicago, showing how the location of the road influences the traffic it receives.

Although the Baltimore and Ohio Railroad has the same connections as all the other Trunk Lines with the Northwest, its capacity seems fully taxed by the business from the territory which it immediately serves.

I have given as a probable cause of the reduction of the percentage of the business received by the Baltimore and Ohio Railroad during the present war of rates, the fact that the grain crop was a failure in Southern Illinois, Indiana and Ohio. It will now be clear how much such a local failure of crops must affect the traffic of that road. In other years, when there is a large crop in that section of the country, and a failure in the Northwestern States, the Baltimore and Ohio Railroad would get relatively larger proportion of grain; and therefore no argument should be based upon the actual amount of tonnage carried by each road as to the operation of any particular adjustment of rates, without taking into consideration the sources of the traffic and the conditions under which it is obtained by each road.*

The *fifth* and last condition which I will mention that influences the distribution of traffic between the Trunk Lines is, the result of the practice of each competing railroad attaching to itself in the course of time a certain number of shippers, and retaining the same. These shippers become accustomed to the road, and prefer it to others upon equal terms. During a contest, or war of rates, each of the competing roads assures its regular patrons that it will do as well by them as any other road, and thus their business is retained. It is only in this way that the constancy in the relative amount of business carried by a number of roads from competing points, whether rates are maintained or not, can be fully explained.

Take, for example, Chicago. In June, 1879, it was agreed that the Eastbound traffic from Chicago should be divided between the terminal

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*Although not directly bearing upon the question under consideration, I will here call attention to the interesting fact exhibited in Statement E, bearing upon the Trunk Line competition with the Mississippi River route.

It will be seen from this statement, that 83.81 per cent. of the total Trunk Line traffic is derived from points east of the Mississippi River and south of Chicago, including Chicago. From Wisconsin only 5.72 per cent. is received; from Iowa, 4.79; from Missouri, 5.20; from Arkansas and Texas, etc., 0.48 per cent. This traffic, combined, amounts to 16.19 per cent. of the total Trunk Line traffic.

The traffic that is taken from Chicago and Milwaukee, amounting to 17 per cent. of the whole, comes, no doubt, from the Northwestern States, but is gathered up by the roads whose interests are centred at Chicago, and can hardly be diverted to the Mississippi River route. The 16.19 per cent. from States west of Chicago and the Mississippi River, which is sent direct to the seaboard, is also brought to Chicago and St. Louis by roads whose interests are adverse to the Mississippi River route, and which will seek to retain this traffic in competition with that route.

Attention is also called to Statement F, showing the distribution of Westbound traffic from seaboard cities. Although it has no bearing upon the subject of the adjustment of terminal rates, a comparison with Statement E may be of some interest.

roads centering at that point, in certain proportions. The statistics for the four preceding years were produced, and they revealed the fact that each road had carried, during that time, and under free competition, about the same proportion each year. The new agreement was based upon past experience, with some modifications, which were deemed just, as decided by the Board of Arbitration; and it is now found, after two years, that, during that time, without any artificial effort having been made to change the traffic from one road to another, each of the roads has carried about the proportion of traffic that was assigned to it. During the two years, 4,700,000 tons were carried from Chicago, and only 56,000 tons, or 1.2 per cent., would have had to be transferred between the roads in order to carry out the agreed division. Rates were not strictly maintained during this time, but the distribution of traffic being satisfactory, the question of any nice adjustment of rates loses its importance.

The proper plan, as suggested by these facts which I have presented in the foregoing, is: To distribute the traffic at its source, and then let it take its natural course to the seaboard. It is much easier to determine the relative amount of business that should be carried by each of the Trunk Lines, from the points at which the traffic originates, than to determine what shall be the amount of traffic to be delivered at each of the seaboard cities. The latter operation could be compared with an effort to determine the amount of water that a river shall discharge into the ocean, without regard to its source and the extent of territory it drains. The great Trunk Lines are nothing but great arteries of commerce like rivers; only, with this difference, the rivers never run across each other, the territory from which they draw their supplies is distinct and well defined. Where railroads cross each other or a number terminate at the same point, it is only necessary that special agreements should be made at these points as to the relative amount of traffic to be carried by each competing road, and then the territory that each railroad company is to serve would be practically defined. It is much easier to make these divisions at the point of origin of the traffic than to pre-determine, without regard to the source and origin, the amount of traffic to be delivered at the termini of the Trunk Lines, or to attempt by the establishment of arbitrary transportation rates to distribute the traffic between the competing roads or competing cities. In fact, the latter is utterly impossible, and all attempts that are made in that direction must fail.

The expensive contest that is now being waged over the question of a nice adjustment of rates, by which is to be determined the distribution of the traffic between the seaboard cities, is, therefore, more of a

theoretical than a practical nature. No agreement that runs counter to the natural distribution under the conditions which I have commented upon, can ever be carried out. The contest for the competitive traffic should be settled at its source, and the traffic should then be allowed to flow to the seaboard, uninfluenced by arbitrary rates.

All these considerations may, at first sight, seem irrelevant to the subject of determining the adjustment of transportation rates over the Trunk Lines to the seaboard cities; but they have a very important bearing upon the question: What is a proper distribution of the competitive traffic? which question must be answered before proceeding to the second part of the inqury: How can rates be practically adjusted so as not to interfere with the proper distribution of traffic, as conditioned by the natural and legitimate elements of competition?

GENERAL PRINCIPLES INVOLVED IN THE ADJUSTMENT OF TRANSPORTATION RATES.

The principle is generally recognized, that the rates between the same competitive points *via* different competing routes, should be the same for the same service performed, and that the rates between different points of competition should be based upon their relative distance. This principle is carried out in the whole territory in which the roads represented on the Joint Executive Committee are located. The rates between New York and Western competing points, say Chicago, St. Louis and Cincinnati, are based upon the relative distances of these cities from New York. The same principle was recognized in the tariff of April 13, 1876, when the rates from common points West to seaboard cities were based upon these relative distances; but this tariff was never adhered to. The pro rata principle, correct as it is, abstractly considered, cannot be applied in all cases. Other principles control the adjustment of rates, and have to be recognized, and they are frequently in direct conflict with the pro rata principle, and the most powerful factor, which overrides all other considerations, is competition. If there was no competition for the export traffic between the Trunk Lines or seaboard cities, the pro rata principle applied to domestic traffic would work satisfactorily to all parties. But as the through rates through the various cities to foreign destination must be made with a view to meet competition in foreign markets, that is, must be substantially the same *via* all routes, and the Trunk Lines are simply links in the through route between the common points of competition in this and foreign countries, the proportion of the through rates, or that portion of it which the Trunk Lines can charge, must be determined with regard to the competition in export trade, and that propor-

tion may and does greatly differ from the domestic rate established upon a *pro rata* principle. Further complication arises from the fact, that over one link in the through route—over the ocean—the rates cannot be predetermined or cannot be adjusted by agreement, but are always open and always changing.

The difficulties of the adjustment of rates to the seaboard cities arise, therefore, from the dual position of the Trunk Lines as carriers of domestic traffic to the seaboard cities and as competitors for through European trade, having the ocean as a link in the through route. The agreement of December 18, 1876, which was the result of long and careful deliberation by Trunk Line officers (see testimony of Mr. George R. Blanchard before the "Special Railroad Committee of the New York Assembly," from page 3155 to page 3156), recognizes the correct principles upon which the adjustment of rates should be based. It provides that,

"In order to settle all questions now at issue between them (the Trunk Lines) with regard to rates to and from competitive points beyond the Western termini of their roads, and to and from competitive points East of their Eastern termini, and to establish equal rates to and from the seaboard upon all competitive business, and adjust upon an equitable basis business purely local, do agree as follows:

"*First.*— * * * * that all competitive freight shipped on through bills of lading to Europe * * * * shall be at the same through rate to destination, whether through the cities of Baltimore, Philadelphia, New York, Boston or Portland.

"*Second.*—That all freight shipped to Baltimore, Philadelphia and New York, and afterwards exported, shall be deemed competitive.

"*Third.*—That on freight from all competitive points in the West and Northwest to Baltimore, Philadelphia and New York, intended for local use and consumption, the rates shall be thirteen (13) per cent. less to Baltimore, and ten (10) per cent. less to Philadelphia, than to New York from Chicago; and from Southwestern points to Baltimore fourteen (14) per cent. less, and to Philadelphia nine (9) per cent. less than to New York."

This agreement is, however, only of a declaratory character. It establishes the correct principle upon which rates should be adjusted, and merely shows what it would be desirable to accomplish. It was never executed, and can never be, for the following reason: It is impracticable to determine at any one time the lowest ocean rate at the several ports and establish in connection with it the same through rate through all ports.

Several attempts were made to carry out the part of the agreement contemplating equal rates on all shipments under through bills of lading. A committee of foreign freight agents was appointed in 1876, and again in 1880, to receive daily the quotations of ocean rates from all ports, and to give the lowest quotations jointly to all Western soliciting agents, upon which they were to establish the same through rates through the different ports. But the ocean rates change from day to day, even from hour to hour, and in order to make the same through rates through all ports at the same time, it would be necessary

that the rates once established should at least be maintained for some period of time regardless of these changes. This would not be satisfactory to the exporter, because, should the ocean rates fall, after through rates had been established, he could not take advantage of it, and would have to pay higher rates than he could secure on his own account.

It was for this reason that the Chambers of Commerce of a number of the western cities, who feared that the railroads intended to secure control of the ocean rates, entered a violent protest when it was attempted in March, 1880, to carry out the plan (see Circular No. 153, Joint Executive Committee) of making the through rates the same *via* all ports. To the railroads this plan is equally objectionable. They would have to adopt and guarantee for a certain period of time certain ocean rates, and in case of an increase in the ocean rates, they would have to reduce their land rates accordingly. The ocean lines would not be slow to avail themselves of this feature, and the railroads would have to assume all the risk of, and thereby destroy the competition between the ocean carriers, which, if left free, might be relied upon to adjust ocean rates to the inland rates, and to bring about the desired equalization without any effort on the part of the railroads.

In the ordinary course of competition between the ocean carriers, it is certainly reasonable to expect that the rates from Baltimore and Philadelphia should always be greater than from New York. The ocean routes are much longer than from New York; the length of time and cost of transportation from these ports must necessarily be greater on that account, not to mention the great advantages New York possesses in controlling return cargoes, and its larger amount of passenger and emigrant traffic and other commercial advantages. Under ordinary circumstances, therefore, according to the laws of free competition, the rate from New York should always be lower. But should it be found that this is not the case, it would be strong proof that the competition of Philadelphia and Baltimore is not felt by the large shipping interest identified with New York, or that there exist other disturbing causes. However this may be, any attempt by the railroads to interfere with the free competition of the ocean carriers from the different cities, would result in greater evils than the evils which they seek to remedy.

The difficulties encountered, therefore, in attempting to make the same rates at the same time through all ports on through bills of lading, based on the lowest ocean rate from any port, must be considered as insurmountable from the very nature of the transaction.

The difficulties of dealing with the export business shipped to the

seaboard under domestic bills of lading are equally as great. Statement C shows that the grain and flour traffic is 72.58 per cent. of the total business carried by the four trunk lines to the seaboard and including provisions, nearly 85 per cent. Statement A shows that 80 per cent. of the receipts of flour and grain at New York are for export, from Philadelphia, 64.6 per cent. and from Baltimore, 84 per cent. Much the larger portion of the grain carried by the Trunk Lines to the seaboard is therefore export grain.

The grain shipments to Philadelphia, for 1880, were 49,000,000 bushels, of which 32,000,000 bushels were exported, leaving only 17,-000,000 bushels for home consumption. The shipments under through bills of lading from Philadelphia (see Statement A) were 7.3 per cent. It follows, that 58 per cent. of the total receipts at Philadelphia were shipped there under domestic bills of lading and afterwards exported.

At New York the rail receipts were 95,000,000 bushels, 80 per cent. of which was exported, and of this only 18.7 per cent. was exported under through bills of lading, leaving 61.3 per cent. of the total amount of grain brought by the Trunk Lines to New York shipped under domestic bills of lading that was afterwards exported. A similar condition of affairs is shown to have existed at Baltimore.

This shows the difficulty of readjusting the inland rates after shipments have been made under domestic bills of lading, so that the through rates would be the same *via* all competing seaboard cities, and at the same time the lowest that is made *via* any of these cities; and the conclusion must be formed that the only practical plan to carry out as near as may be possible the principles recognized as correct in the contract of December 18, 1876, is to agree upon fixed inland rates upon the whole grain traffic, domestic and export, and to determine the through rates by adding the ocean rates, whatever they may be, from time to time, from the different cities to points of destination, and that the adjustment of the inland rates to the seaboard must be made more with the view to the export trade than to the domestic traffic.

The agreement of April 5, 1877, recognizes the principle that fixed differences in rates should be adopted, based upon the prevailing ocean rates. It is said that a difference of three cents in favor of Baltimore and two cents in favor of Philadelphia, corresponded at that time with the increased cost of ocean carriage from those ports, but that changes have since taken place in the ocean rates which make a readjustment of differentials necessary. It becomes, therefore, necessary to examine the facts, to ascertain what were the ocean rates, as well as the through rates *via* the different cities since this agreement was made, and what changes have taken place.

AVERAGE OCEAN RATES DURING THE LAST FOUR YEARS, AND COMPARATIVE ESTIMATES OF COST OF TRANSPORTATION TO AND THROUGH SEABOARD CITIES UNDER PREVAILING RATES IN 1880.

Statement G has been prepared to show the quotations of ocean rates during the last four years, and from it it appears that the ocean rates *via* steam from Philadelphia to Liverpool, which were four cents higher than from New York in 1877, were only 1.7 cents higher in 1880, and from Baltimore they were 4.6 cents higher in 1877, and 2.6 cents higher in 1880. But the rates *via* sail (to Cork, for orders) have not changed to so great an extent. They were more nearly the same than steam from all points in 1877, and remain so. At Philadelphia, in 1877, they were 0.2 cents less per hundred pounds, and in 1880, 0.7 cents less than from New York; and at Baltimore 0.3 cents higher in 1877, and in 1880, 0.5 cents higher than from New York.

To ascertain the average rate from the three ports, the relative quantities exported by steam and sail have to be taken into consideration. Statement K contains an estimate of the average rate during the whole of the year 1880, and also during the first and last six months of the year. The average ocean rate during the year, and the differences in the rates between Philadelphia and Baltimore and New York, were as follows:

AVERAGE OCEAN RATES, STEAM AND SAIL, PER HUNDRED POUNDS IN 1880.

	From New York.	Philadelphia.	Baltimore.
	22.81c.	23.79c.	24.71c.
Higher than from New York,		0.98c.	1.90c.

It is an important point in the consideration of this whole subject, whether it is proper and right that the actual differences in the ocean rates during a year from the different ports should be taken as the exact differences in the inland rail rates, with a view of making the through rates the same through all ports. If this point were conceded, the problem would seem to be easily solved, by ascertaining the differences as above, and making the inland rates as much lower as the ocean rates are higher. But this solution is really not quite so simple as it at first sight appears.

First.—The changes in ocean rates cannot be predetermined. The serious question arises, for what particular periods in the past shall the actual rates be taken as a guide, and for what particular periods in the future? From Statement G, it appears that great changes have taken place relatively in the ocean rates from the three cities since 1877. Are the differences in ocean rates for one year to be taken as the differences in inland rail rates for the succeeding year before it can be known

what they actually will be? Even during certain periods in the same year there are marked differences in the ocean rates. For the last six months of 1880 (see Statement K), the rates from Philadelphia were only 0.26c. higher than from New York, while in the first six months they were 1.71 cents higher. From Baltimore they were 1.54c. higher than from New York in the last six months of the year, while during the first six months they were 2.30 cents higher. No one can anticipate the differences in ocean rates during the whole, or during the different seasons of the coming year. If differences in ocean rates upon which inland rates were based were less than the actual difference, it would be unjust to New York; if more, it would be unjust to Philadelphia and Baltimore; and thus the distribution of traffic between competing roads and competing cities, if sought to be regulated solely by the adjustment of inland rates upon the differences in ocean rates, for fixed periods of time, would be at best a mere matter of guesswork. The average rates during a whole year may never prevail at any one time, but the actual, and not the average, which is a mere hypothetical rate, control the traffic at the time.

Second.—The quotations, as reported in these statements, are only of rates to Liverpool by steamer, and to Cork, for orders, by sail. They therefore apply only to a small proportion of the export business. To what extent appears from Statement J, which shows the destination of the export grain from New York, Philadelphia and Baltimore. The grain destined to Liverpool from New York (about 11,000,000 bushels) constitutes only 10 per cent. of the total export grain from New York, while from Baltimore to the same destination 3,500,000 were sent, constituting only 6½ per cent. of its total exports. The grain shipments to Cork, for orders, by sail from New York, were 19,000,000 bushels of the total exports, or 17.4 per cent., and from Baltimore to Cork about 9,000,000 bushels, the same percentage of the total shipments as from New York. The rates are, therefore, practically, only ascertained for about 27 per cent. of the New York, and 24 per cent. of the Baltimore exports.

The question arises: Is it just and proper to take the rates on so small a portion of the competitive traffic as the standard for the whole export grain? It may be assumed, perhaps, that the rates to Liverpool by steam and to Cork by sail, guide, in a measure, the rates to all ports in Great Britain; in that case they apply to 57 per cent. of the export grain trade from New York, to 49 per cent. from Philadelphia, and to 50 per cent. from Baltimore.

I have not been able to procure the ocean rates charged to other countries and to ascertain what are the differences from different ports;

and whether there are any settled relations between those rates and the rates to Liverpool and Cork, or whether they are made accidentally from day to day as there may be a supply of tonnage in the American ports for export to these countries. All this information should be had, in order to determine definitely to what extent it is proper and right that the quotation of Liverpool and Cork rates should be made absolutely the basis of the difference in inland rates over the Trunk Lines for the whole export grain.*

In view of the facts just presented: the instability of ocean rates, and the want of exact information in regard to the rates to all points of competition, the impossibility of determining the exact differences in the rates that may prevail at any one period, it must be conceded that even if the principle to adjust inland rail rates on the exact basis of differences in ocean rates were adopted as correct, it would be impracticable to carry it into practice with justice to all parties. To attempt it may work injustice to those who advocate it as well as to those who oppose it. It would be a mere accident if the interests of all parties were guarded alike under this plan of adjusting rates.

THE EFFECT OF THE COMPETITION BETWEEN THE GRAIN MARKETS UPON RELATIVE ADJUSTMENT OF RAIL RATES.

The adjustment of railroad transportation rates has, so far, been considered from the standpoint of the railroad companies. The question at issue concerns in an equal degree the commercial communities competing with each other for the export grain trade. It is, therefore, necessary to consider it from the broader standpoint of the merchants or the commercial communities engaged in the trade. The railroad companies, in the settlement of this question, must necessarily represent not only their particular transportation interests, but also the interests of the cities with which they are closely allied; in fact, with which their interests are identical.

This introduces a new element, still further complicating this already greatly complicated problem. The mere addition of the ocean rates

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*Statement J possesses some interest, as showing the relation of the different seaboard cities to the grain trade with foreign countries. It shows the percentage of total grain exported from the three cities to the various countries, and the proportion this constitutes of each city's actual export. For example: New York sends 57 per cent. of its total export grain to Great Britain, which forms 61 per cent. of the total received by Great Britain from these three ports; Philadelphia sends 48.7 per cent. of its export grain, which constitutes only 14 per cent. of the total received from these three ports; Baltimore sends one half of its export grain, which constitutes 25 per cent. of the total received from these three ports.

To Germany, New York contributed 65 per cent., Philadelphia 17.4, and Baltimore 17.6. To France, New York contributed 32.1 per cent., Philadelphia 16.9 per cent., and Baltimore 51 per cent.

to the rail rates, making the same rates through all ports upon traffic carried to the seaboard by the railroads, even if it were practicable, is not sufficient to solve the problem. There are other means of transportation, by which export grain is brought to the seaboard, and there are also conditions of a commercial nature, which necessarily affect the competition between the different markets in the same trade. It is not merely a question of railroad transportation rates, although that is, no doubt, a very important element.

Assume, for the sake of illustration, that one of the ports possessed great commercial advantages, which, with equal transportation rates, would give it a decided preference, to such an extent that the whole export business would seek this port. Could it be expected that the other ports, less advantageously situated, and the railroads identified with them, would be willing to allow themselves to be debarred from participating in the commerce of the world; that they would allow their railroad facilities, their warehouses and elevators, their capital and investments, to lay idle, out of mere respect for the abstract principle that transportation rates to and through all ports must be the same, regardless of any and all other considerations that control trade and commerce?

That New York possesses great commercial advantages, such as I have mentioned heretofore as influencing the distribution of competitive traffic (see page 19 of this report), is generally admitted. One of the principal grain merchants of New York testified before the "Special Committee on Railroads" of the New York Assembly (page 704), that these advantages were worth to the grain trade of New York one cent per hundred pounds. This, of course, is a mere individual judgment, and its correctness cannot be mathematically demonstrated; but, that these advantages are worth something, cannot be denied.

Some light is thrown upon this subject by the experience of Boston as a grain market. While the inland rates to Boston are nominally the same as to New York (there are reasons to suppose they are even lower), the ocean rates from Boston are, as a general rule, much lower than from New York, thus making the through rates through Boston less than through New York; and yet, notwithstanding these conditions, which have prevailed for years—notwithstanding that the railroad and terminal facilities at Boston have of late years been greatly improved—we find that the grain receipts at Boston have remained relatively the same, during the last twenty years. Boston has only kept pace with the other ports, notwithstanding lower transportation rates through that port. In 1860 it received 10.4 per cent., or about nine million bushels; in 1880, 10.88 per cent. of grain, or thirty-seven

million bushels; showing that Boston, as a grain market, must labor under some disadvantages, whatever they may be, that make lower rail rates through that port to foreign ports necessary, in order to enable it to retain a share of the grain trade. Whether these disadvantages are purely of a commercial nature, or whether the shipping facilities and storage capacity of the port are such as to limit its capacity to transact business, the facts stated are sufficient to indicate that Boston could not maintain its proportional share of the grain trade, at the same through rates as are made on rail shipments through New York.

Besides the commercial advantages of New York, that may make these lower rates through Boston and other ports necessary, and which cannot be readily estimated in dollars and cents, it possesses in the canal advantages of cheaper transportation, of which some more definite estimate can be formed. The Erie Canal brings to New York, in the seven months, during which it is generally in use, a large proportion of the total grain receipts at this port. In 1880, it brought sixty-nine million bushels, or 40 per cent. of the New York receipts, or 20 per cent. of the total receipts at the five Atlantic ports, as shown in Statement D. It makes no difference to the merchants in Boston, Philadelphia and Baltimore, competing in the grain trade, how New York receives its grain, whether by canal or rail; they can only consider the cost at which the grain is brought to New York, regardless of the method. If they cannot secure transportation as cheaply, they may be debarred from competing with New York. In this view of the case, the cost of transporting grain to New York by canal as well as by rail becomes a factor in the adjustment of rail rates to other competing cities, which have not the advantage of water transportation.

The effect of the cheaper canal transportation upon the average cost of transportation to New York, and relatively to other cities, will appear from Statement L, which gives an estimate of the cost of transporting grain to and through New York, Philadelphia or Baltimore *via* all routes,* including, also, the cost of ocean transportation from these cities, based upon the statistics of 1880. The following is the result:

DURING THE WHOLE YEAR OF 1880.

	New York.	Philadelphia.	Baltimore.
Average Inland Rates per 100 lbs., allowing agreed differences	25.69c.	27.27c.	26.43c.
Less to New York	....	1.58c.	0.74c.
Less to New York at even rail rates from all cities	....	3.58c.	3.74c.

*No estimate can be made of the cost of transportation through Boston, as the statistics of grain carried there by the Grand Trunk Railway are not known.

This statement shows that in case rail rates had been the same in 1880 to the three cities, grain could have been delivered at New York for 3.58 cents less per hundred pounds than to Philadelphia, and 3.74 cents less than to Baltimore; and allowing differences of two and three cents less to Philadelphia and Baltimore, respectively, New York still had the advantage in rates of 1.58 cents over Philadelphia, and 0.74 cents over Baltimore.

Adding the average ocean rates for the year 1880 to the cost of inland carriage, the total cost (on the basis of Chicago to Liverpool by steam, and Cork by sail, for orders) has been as follows:

	N. Y.	Phila.	Balt.
Through rate, allowing differentials	48.50c.	51.06c.	51.14c.
Through at even rail rates	48.50c.	53.06c.	54.14c.
Difference in favor of N. Y., allowing differentials	....	2.56c.	2.64c.
Difference in favor of N. Y., at even rail rates	....	4.56c.	5.64c.

This represents the results of the whole year's operation; but as the canal competition only exists during the navigable season, an estimate has been made of the average rate during that season, and also during the period when navigation is closed. The following are the results:

	N. Y.	Phila.	Balt.
Average inland rate per 100 pounds, allowing differentials	24.21c.	25.07c.	24.14c.
Difference in favor of N. Y. over Phila.	....	0.86c.	....
Difference in favor of Baltimore over N. Y.	....	....	0.07c.
Difference in favor of N. Y., at even rail rates	....	2.86c.	2.93c.
Total through rate, adding the ocean rate, during the last six months of the year, allowing differentials	49.82c.	50.94c.	51.29c.
In favor of N. Y., allowing differentials	....	1.12c.	1.47c.
In favor of N. Y., at even rail rates	....	3.12c.	4.47c.

After allowing a difference in rates of two and three cents to Philadelphia and Baltimore, New York had the advantage in rates of 1.12 cents over Philadelphia, and 1.47 cents over Baltimore, during the season of navigation. This results from the lower cost of transportation by canal.

During the time of closed navigation, when grain was transported only by rail to the three cities, the average ocean rates (see Statement K) were as follows:

From	New York		Philadelphia		Baltimore.
	20.01c.	....	21.72c.	....	22.31c.
In favor of N. Y.	—	....	1.71c.	....	2.30c.

Allowing the differences in rail rates of two cents to Philadelphia and three cents to Baltimore, the average through rates on export grain during the season of closed navigation were:

In favor of Philadelphia	0.29c.
In favor of Baltimore	0.70c.

While during the navigable season they were:

In favor of New York over Philadelphia	1.12c.
In favor of New York over Baltimore	1.47c.

These are the facts furnished by the experience of 1880 in regard to transportation rates on export grain, as bearing upon the general competition between the cities apart from the special railroad interest.

To what extent the advantages in rates in favor of New York during the season of navigation (they were less 1.12 cents than *via* Philadelphia, and 1.47 cents less than *via* Baltimore) are counterbalanced by the slower method of canal transportation—whether this is or is not a disadvantage, the other ports receiving grain by rail during the whole year, or to what extent the difference in rates in favor of Baltimore and Philadelphia during the close of the canal (they were 0.29 cents and 0.70 cents less per 100 lbs. respectively *via* these two cities), are counterbalanced by the commercial advantages of New York, are questions that must be left to individual judgment, as no arithmetical estimate can be made.

Upon the whole, looking at the results during each of the two periods of the year (the average of the whole year cannot be used as a criterion), it would seem that the differences in rates agreed upon on April 5, 1877, are certainly a remarkably close approximation to the actual results of the year 1880, if equality of through rates through all ports upon the whole export grain is considered the end to be attained.

OCEAN RATES ADJUST THEMSELVES TO INLAND RATES.

The near approach to an equalization of through rates through all ports, including the grain brought by canal to New York during all seasons of the year, is not altogether accidental. There is a compensating principle at work in adjusting ocean rates to the inland rates, which has the natural tendency to equalize through rates without the aid of the railroads. The law upon which this principle works seems to be fully revealed by the facts recorded in the accompanying statements, a study of which will throw a great deal of light upon the whole question, and greatly simplify its solution.

During the first and second six months of the year 1880, corresponding nearly with the periods of closed and open navigation, the average ocean rates, per 100 lbs., were as follows:

From	New York.	Philadelphia.	Baltimore.
During the first six months of 1880	20.01c.	21.72c.	22.31c.
During the second six months of 1880	25.61c.	25.87c.	27.15c.
Increase in the second six months	5.60c.	4.15c.	4.84c.

With the lowering of the inland rates *via* rail and canal, the ocean rates from the three cities advanced, and were higher during the season of navigation than they were during the season of closed navigation. This increase in the ocean rates had the effect of making the through rates from Western points to European points through all the cities (taking the inland and ocean rates together), very nearly the same during the season of navigation as the average of the whole year, although the inland rates were much lower during the season of navigation.

The through Rates were from.......	New York.	Philadelphia.	Baltimore.
During season of navigation	49.82c.	50.94c.	51.29c.
Average during the year	48.50c.	51.06c.	51.14c.

This shows that the reduction in the inland rates during the summer months via canal and rail benefited only the ocean carriers (a fact that should be kept in view, in considering the wisdom of the contemplated abolition of tolls on the New York State canal). But a more important fact is brought to light by these figures, viz.: That the ocean rates advanced a great deal more during the season of navigation from New York than they did from the other two cities. The advance in New York was 5.60 cents, Philadelphia 4.15 cents, Baltimore 4.84 cents per 100 pounds.

The greater increase from New York made the difference in the ocean rates between the three ports during the season of navigation much less.

	Philadelphia.	Baltimore.
During the last six months	0.26c.	2.30c.
They were during the first six months of 1880	1.71c.	1.54c.

Showing plainly that either the reduced rates of inland transportation by canal (the canal rates were 5.3 cents less than the all rail rates) or the greater demand for tonnage on account of the increased receipts of grain at New York, caused a greater increase in the ocean rates from New York than from the other cities, and more nearly equalized the through rates through these cities, still giving to New York the advantage of 1.12 cents over Philadelphia and 1.47 cents over Baltimore.

It is of course impossible to state to which of these two causes the increased ocean rates must be ascribed; but, in either case, it is due to the fact that New York possesses a canal and cheaper transportation facilities than the other cities.

It is not positively known that the differences of two and three cents were fully maintained during 1880. If it be true, as it is stated, that concessions were made by the New York roads, it might explain the fact that the ocean rates at Baltimore were during the winter season only 2.3 cents higher, corresponding to a probable reduction of 0.7 cents per one hundred pounds in the inland rate to New York, or reduced elevator charges. This, of course, is a mere conjecture. The fact, however, seems to be established, that the ocean rates adapt themselves to the inland rates, during navigation, when lower rates prevail to New York, as well as during closed navigation, when lower inland rates prevail to Philadelphia and Baltimore.

These conclusions, however, are based only upon the experience of the year 1880. But, as during that year the agreed rates were more nearly maintained than in any previous year, the results obtained may be considered more reliable than in other years, during which violent changes in rates took place, and no clear knowledge of the rates actually charged during all periods can be obtained.

But the year 1880 is not the only year in which the facts just mentioned were developed. During the first four months of 1881, when inland rates were still maintained, the ocean rates from Baltimore were 2.74 higher than from New York (see Statement H), while during the succeeding seven months they were only 0.3 cents higher. The latter were the differences in ocean rates during the railroad war, when probably there was a nearer approach to equality in the inland rates *via* all routes to all cities (the canal rates being nearly the same as the rail rates), showing that whether differentials are maintained or not, free ocean competition acts, at least in a great measure, as an equalizer of the through rates.

From Statement G, it also appears that the difference in ocean rates between New York and Baltimore followed the same law in previous

years. The differences in favor of New York, in rates to Liverpool by steam, were:

First six months of 1887, 5.9c.	Second six months, 3.3c.
" " " " 1878, 4.7c.	" " " 2.7c.
" " " " 1879, 3.0c.	" " " 1.9c.

Sail rates to Cork for orders, from Baltimore, were:

First six months of 1877, 1.7c. more.	Second six months of 1877, 1.0c. less.
" " " " 1879, 0.8c. "	" " " " 1879, 0.7c. "

The year 1878 was an abnormal year, as the rail and canal rates during the first half of the year were lower than during the last half; consequently, we see from Statement G. that the ocean rates were higher during the first six months than during the last six.

There were by Steam to Liverpool from	N. Y.	Phila.	Balt.
During the first six months of 1878	27.3c.	29.7c.	32.0c.
During the second six months of 1878	23.0c.	26.7c.	25.7c.

Although apparently these results are contradictory to the general rule, according to which ocean rates should be lower in the winter season than in the summer, they really establish its correctness.

Besides the evidence of these statistics, we have the testimony before the "Special Railroad Committee" of the New York Assembly, to the same effect. Mr. William Volkens, a member of one of the largest shipping firms in the country, says, on page 665:

"*Answer.*—Grain freights from Baltimore to European ports are generally from 3d. to 6d. (1.25 cents to 2.5 cents. per 100 lbs.) higher; I have known instances of 9d. to a shilling (3.75 to 5 cents per 100 lbs.) higher than from New York; but now in the summer time, when the canal brings so much more stuff to New York, the rates are about the same as from Baltimore.

"*Question.*—In the summer the rates from Baltimore are about the same as from New York?

"*Answer.*—Not always, but sometimes; frequently in the height of summer."

Mr. David Bingham, in his answer to the question, how much higher the ocean rates are from Baltimore than from New York (page 702) says:

"By steam about a penny a bushel (3.3 cents per 100 lbs.), and perhaps a penny half-penny a quarter (0.6 cents per 100 lbs.) by sail, but just now (June 23, 1879,) the rates are lower in Baltimore than they are in New York, owing to the increased quantity of grain coming this way."

There can therefore be no doubt that the cheaper canal transportation to New York, either directly or through the consequent increase in grain receipts at New York, affects the differences in ocean rates from the different cities, and in an adjustment of rail rates to these

different cities, if it is to be based upon the differences in the prevailing ocean rates, the influence of the canal as a competing element cannot be ignored. If the difference in ocean rates from the competing cities are wiped out by the canal influence in directing the grain to New York, as it appears to be the case, it does not follow that the differences in the inland rail rates to these cities should also be wiped out. The very conditions that give to New York the preference in inland rates, as well as establish it as the first grain market of the country, cannot justly be assigned as a reason for depriving Baltimore and Philadelphia of such advantages as they may possess in a shorter and cheaper inland carriage.

The estimates of the average cost of transportation, submitted in Statement L, are based upon the rates that actually prevailed during the year 1880, by all routes, including the canal, and are believed to be substantially correct. But for the present purpose it does not matter whether they are exactly correct or not, as I merely wish to use them as an illustration of the facts and principles involved in this problem. These estimates show that the average cost of transporting grain to New York during the navigable season, was 24.21 cents per 100 pounds, and to Baltimore 24.14 cents, assuming that the differences in rate of 3 cents in favor of Baltimore had been strictly maintained. The all-rail rate to New York is estimated at 27.5 cents (the nominal tariff was 30 cents). Assuming, for the sake of argument, that the ocean rates were the same from both ports, and that the Baltimore merchants would have had to pay the same all-rail rate as to New York, 27.5 cents, when the average cost to New York merchants, including canal transportation, during the season of navigation, did not exceed 24.21 cents per hundred pounds, the question may well be asked: Whether Baltimore could under such conditions have secured a share of the grain trade? Considering further, that the average ocean rate by steam and sail during the navigable season of 1880, was 1.54 cents higher, and consequently the through rate *via* Baltimore 4.47 cents higher than *via* New York, it could hardly be expected that with equal inland rates Baltimore could have competed with New York in the grain market.

The principle, that the through rates from common points in the West to common points in Europe, should be the same *via* all ports, which is insisted upon by New York merchants as correct, would certainly not have been carried out. There can hardly be any doubt that in the adjustment of transportation rates, the effect of the lower rates of transportation *via* canal to New York upon the relative price of grain in the different markets, must be taken into consideration by the merchants in the competing cities.

But a more difficult question arises between the railroad companies themselves. The adjustment of the rail rates to Baltimore and Philadelphia upon the basis of the average rates to New York, including the canal rates, necessarily result in lower rail rates to Philadelphia and Baltimore than to New York. The question may well be asked: "If the New York railroads can carry grain in competition with the canal, at certain increased rates over the canal rates, why cannot the Philadelphia and Baltimore roads do the same, assuming ocean rates to be the same from all ports?"

Looking upon the subject simply in this light, disregarding all other facts which have a bearing upon the adjustment of competitive rates, the New York roads have a right to object to differentials in favor of Baltimore and Philadelphia.

But is it possible to deal with this question as simply one of railroad competition, when it is complicated with so many other conditions that act and react upon it, and which in the practical solution of the problem cannot be ignored?

The New York railroads must, in the first place, adjust their rates with the view of directly meeting the canal competition. Experience shows that they can charge more than the routes *via* lake and canal, including the insurance on the water routes. Were the New York railroads to attempt to make their charges the same, it could only lead to ruinous competition, which would make the business unprofitable, both to the railroads and to the canal, and practically wipe out the advantages of the canal to New York.

We find that during the navigable season of 1880, when rail rates were kept unusually high, (5.3 cents higher than by lake and canal, 2.25 cents higher than by lake and rail) the railroads were enabled to carry 46 per cent. of the grain to New York—the canal carrying 54 per cent.; while in 1876, during the war of rates, when rail rates were very low—perhaps as low as the canal rates, if not lower—the railroads carried 65 per cent., and the canal only 35 per cent. But the total receipts at New York, by all routes, were less during that year than during any previous year since 1865. It is therefore evident that it is the true policy of the New York roads to keep their rail rates sufficiently above the canal rates, to secure for themselves a reasonable remuneration for their services, and at the same time to secure to New York some of the advantages of canal transportation.

Having adjusted the all-rail rates to New York with this end in view, the question next arises: What shall be the rail rates to Philadelphia, Baltimore, and Boston, which will enable these cities to secure a reasonable share of the traffic, proportionate with their facilities of

transportation and their commercial ability to transact the business? The transportation rates to the other cities must, of course, be adjusted to meet the combined influence of rail and water transportation upon the price of grain in New York. No mathematical solution of this question is possible, but this conclusion may be fairly drawn from these considerations: Assuming the ocean rates to be the same from all cities, then, if the railroads were to charge the same inland rail rates to Baltimore and Philadelphia as are charged to New York, it would leave the full advantage of the lower canal rates to New York, and would wipe out entirely the natural advantages which Baltimore and Philadelphia possess in the shorter and cheaper railroad transportation to the seaboard.

In connection, however, with this question, it must also be considered that the cheaper rates of canal transportation are due to the inferiority of the services rendered by the canal, and for this reason certain allowances should be made for the greater length of time, and such other disadvantages as may exist, on canal transportation, as compared with transportation by rail. It would be difficult to estimate these disadvantages in dollars and cents, as it is not unfrequently the case that shippers prefer canal to rail transportation, the additional time required, during which storage room is provided for the grain, is sometimes an advantage. Grain that is brought by the canal to New York at the rate of five cents less per hundred pounds than by rail, after it has been stored in a warehouse, awaiting export, is certainly worth as much in the market as grain that has been carried to New York by rail.

These are all subjects for consideration, and I merely wish to call attention to them, without, of course, being able—and I suppose no man is able—to fix, precisely, in dollars and cents the advantages or disadvantages to New York of canal transportation as compared with all-rail transportation.

GENERAL CONCLUSIONS.

I have endeavored to examine carefully the nature of the disagreement between the Trunk Lines upon the question of differences in transportation rates to the seaboard cities, in the hope that the conflicting views, each of which may be correct in itself, might be reconciled, and the subject could be dealt with from some general principles, upon which all parties could agree. The conclusions at which I arrive are the following:

The claim of the Baltimore and Ohio and Pennsylvania Railroad Companies for lower inland rail rates is based upon the general prin-

ciple that the transportation charges should be regulated, at least to some degree, in accordance with the length of the competing routes. While this is perfectly correct so far as the domestic traffic is concerned, it will be admitted that in regard to all competitive traffic the distance forms no element. The lowest through rates established by any one competing route establishes the through rates by all others, regardless of distance.

If it were true that grain could be transported from common points West to common points in Europe at lower total rates through Baltimore than through New York, assuming that all routes possess the same advantages to the shipper, and that the ocean rates are the same from all ports, the position of the Baltimore and Philadelphia railroads that they must have lower inland rates, simply because their inland routes are shorter, could not be maintained, no matter how short their routes might be.

This general principle was fully recognized in the convention of December, 1876, and in the agreement of December 18, 1876. It is difficult to see how any other rule could lead to any other result than continual warfare between competing transportation lines.

On the other hand, the New York railroads, while insisting upon the practical enforcement of this principle, do not go far enough in its application. They intend to restrict it simply to the competition between the railroads, disregarding other transportation routes affecting the competition between the commercial communities. But if the New York railroads insist that the railroad competition alone shall be taken into account, the claim of the Philadelphia and Baltimore railroads for lower transportation charges on account of their shorter and cheaper routes to the ocean, would thereby be justified. The principle of adjusting rates with the view of enabling the different cities to compete with each other upon equal footing, must either be adopted throughout, or need not be adopted at all.

The only common ground that all parties to this contest can occupy, would seem to be that the through rates on all competitive business should be made alike, or as nearly so as may be practicable, upon the whole competitive traffic, and not only upon the railroad traffic. This principle being once acknowledged, then the question would arise as to the practical adjustment of rates upon that basis. If it were true that the ocean rates from all the ports were the same, then there should be no objection that the average inland rates by all routes (water and rail) should also be the same, making allowance, of course, for the disadvantages of routes, if they exist.

It has been taken for granted in the late discussion of this subject,

both in railroad and commercial circles, that the ocean rates from the three cities are now practically the same, and this is the foundation for the claim that the inland rates should be the same. But are the ocean rates really the same? The statements herewith submitted do not show that they are. Misapprehension has been created by dealing with the average ocean rates for the whole year. It will be readily seen, that if the ocean rates during six months of the year were three cents lower from Baltimore or Philadelphia than from New York, and for the other six months they were three cents higher, the average for the year would show that the rates were the same. Yet as competition is carried on from day to day, and under different conditions during different seasons of the year, the rates prevailing each day, and not the average rates for the year, which may never be charged, control the business.

During the first four months of this year (see Statement II) the average ocean rates, steam and sail, were 2.74 cents higher from Baltimore than from New York. It is not probable that Baltimore, during those four months, could have secured any business at the same inland rate and adding the higher ocean rate. From May to November of this year the average ocean rates, steam and sail, were only 0.3 cents higher from Baltimore than from New York; while in 1880 they were 1.54 cents higher; and yet we do not find that the reduction in ocean rates in 1881 gave to Baltimore more than its usual proportion of the grain business, in fact its grain receipts have been considerably less.

The great fluctuations constantly taking place in the ocean rates at different seasons of the year, under the ever changing conditions of commerce, make it entirely impracticable to vary the inland rates from day to day as the ocean rates may vary. No man, be he ever so wise, can foretell what will be the difference in the ocean rates during any particular period in the future, and the plan of equalizing the through rates, based upon the sum of ocean and inland rates, can never be successfully carried out. It is therefore fortunate that we have evidence that the ocean rates adapt themselves to the inland rates with more precision than human wisdom could devise. This is the one redeeming feature in this whole intricate problem, and which may be relied upon, in a great measure, for an equalization of the through rates through the different cities.

From this view of the case it would seem that too much stress has been laid upon the necessity of a nice adjustment of inland rates, from the operation of which it is expected that each of the railroads and each of the cities should get exactly that proportion of the competitive traffic to which it may consider itself entitled. This expectation is

entertained in face of the fact that differential rates heretofore have never been observed whenever they came in conflict with the more legitimate conditions of competition; and there is not the least prospect that they ever will be maintained, nor ought they to be, if they operate unjustly toward any of the railroads or communities affected by them.

Relying, in a great measure, upon the ocean rates to adapt themselves to the inland rates, and bearing in mind that the distribution of traffic between the Trunk Lines and cities is controlled by other conditions than mere agreements as to rates, a fact that is well established by the constancy with which this traffic divides itself, regardless of transportation rates, the true plan evidently is, to agree upon a proper distribution of that traffic at its source, if possible, and then to allow it to flow to the different cities according to the natural laws of trade. The rates should be sufficiently flexible, and might be changed from time to time, so as to secure to the competing lines the agreed amount of traffic based upon the distribution of traffic as it took place under free competition. This is a much more direct and practical way of securing justice to each road, than to attempt to predetermine and enforce rates, under the impression that this could bring about a satisfactory division of traffic.

There is no danger that under this plan any one city would be discriminated against. None of the Trunk Lines are exclusively identified with any one of the cities; they are interested in the traffic of all, and they desire to serve all. The New York Central and Hudson River Railroad forms part of lines to Baltimore, Philadelphia and Boston, as well as to New York. The New York, Lake Erie and Western Railroad is interested in Boston and Philadelphia, as well as in New York; and the Pennsylvania Railroad serves the four cities. The Baltimore and Ohio Railroad, more exclusively a Baltimore railroad, is seeking for a separate entrance into New York. Forty per cent. of the Eastbound tonnage received at Philadelphia is carried there by the New York roads; 80 per cent. of the Boston business is carried there by the New York roads; 7 per cent. of the Baltimore business is carried there by New York roads, and 40 per cent. by the Pennsylvania Railroad. The Pennsylvania Railroad contributes 20 per cent. to the New York business.

The idea that any one of these railroads, after having made large investments to secure business to *all cities,* is working exclusively in favor of any one and against all others, is not borne out by the facts in the case. They are interested in the prosperity of all; and although each may show a natural preference to the city with which it is more closely identified, it is not in a position to discriminate unjustly against

the others, except at a loss of a large amount of revenue. The controlling principle of each of the Trunk Lines is to do all the business it can secure for any city. The Pennsylvania Railroad certainly would not continue to carry freight to New York if it were an injury to Philadelphia; nor would the New York Central and Erie roads carry to Baltimore, Philadelphia and Boston if it were an injury to New York. They could easily confine their business to any one city if they desired to discriminate in its favor, by charging higher rates to the other cities; but each company carries (as common carriers should do) business wherever it is wanted, and to the full extent of its capacity; and the fact that they do this is alone sufficient evidence that they have no desire to discriminate in favor of or against any one city, but propose to allow the traffic to flow according to the laws of trade and commerce.

I regret that this report has extended to so great a length: but it will be admitted that the subject is one of the most complex and intricate nature, upon which there may justly be a great diversity of judgment acording to the different standpoints from which it is viewed. It will also be admitted, that so far the problem has only been dealt with upon its surface indications, and a more exhaustive examination and analysis seemed justified by its great importance, and the great losses that are incurred by a continued failure to agree upon its final solution.

If I have been able to call attention to some of the facts which have heretofore received only partial if any consideration, and if this leads to a fuller examination and to a final settlement of this vexed question upon a permanent basis, the object of this report has been fully attained; and in that case I need not apologize for its great length.

ALBERT FINK,
Commissioner.

POSTSCRIPT.

The question of marine insurance has not been considered above. I recently called upon Mr. Frank Firth, President of the Erie and Western Transportation Company, for information on this subject, and he has made some estimates and written a report, in which he gives the following general conclusions. I have, however, had no time to examine into the matter.

First.—The cost of marine insurance constitutes an important element in comparing the total cost of movement by ocean from different seaboard cities.

Second.—The differences in cost of ocean marine insurance by different classes of capacity, and for important periods, greatly exceed the present differentials in rail rates.

Third.—A differential rate that might overcome the increased ocean cost, due to an inferior insurance class of ocean capacity, and permit a movement of corn by a given port, might not, owing to the higher insurance cost per 100 pounds, similarly permit a movement of wheat.

OFFICE OF COMMISSIONER, NEW YORK, *Dec.* 1, 1881.

STATEMENT A.

Showing the Total number of Bushels of Grain (including Flour) Received at and Exported from the Four Atlantic Ports, during the Years 1878, 1879 and 1880. Compiled from Produce Exchange Reports.

	RECEIPTS.		EXPORTS.			RECEIPTS IN EXCESS OF EXPORTS.	
	Bushels.	Per cent. of Total Receipts.	Bushels.	Per cent. of Total Exports.	Per cent. of Receipts.	Bushels.	Per cent. of Receipts.
I.—For Year 1878.							
New York:							
Canal	63,905,872	23.4					
Rail	85,350,079	31.3					
Coast	3,606,219	1.3					
Total, New York	152,862,170	56.0	107,819,044	56.6	70.5	45,043,126	29.5
Boston	27,291,781	10.0	12,941,359	6.8	47.4	14,350,422	52.6
Philadelphia	45,474,650	16.7	29,876,327	15.7	65.7	15,598,323	34.3
Baltimore	47,075,240	17.3	39,724,954	20.9	84.4	7,350,286	15.6
Total, Four Ports	272,703,841	100.0	190,361,684	100.0	69.8	82,342,157	30.2
II.—For Year 1879.							
New York:							
Canal	57,044,406	18.4					
Rail	101,929,243	32.9					
Coast	4,151,241	1.3					
Total, New York	163,124,890	52.6	124,350,932	54.5	76.2	38,773,958	23.8
Boston	32,798,829	10.6	15,774,076	6.9	48.1	17,024,753	51.9
Philadelphia	47,398,455	15.3	32,310,473	14.2	68.2	15,087,982	31.8
Baltimore	66,799,926	21.5	55,629,594	24.4	83.3	11,170,332	16.7
Total, Four Ports	310,122,100	100.0	228,065,075	100.0	73.5	82,057,025	26.5
III.—For Year 1880.							
New York:							
Canal	69,440,901	21.9					
Rail	95.414,822	30.2					
Coast	4,236,820	1.4					
Total, New York	169,092,543	53.5	135,204,800	56.7	80.0	33,887,743	20.0
Boston	36,827,476	11.7	20,449,864	8.5	55.5	16,377,612	44.5
Philadelphia	49,370,273	15.6	31,894,362	13.4	64.6	17,475,911	35.4
Baltimore	60,642,146	19.2	50,957,415	21.4	84.0	9,684,731	16.0
Total, Four Ports	315,932,438	100.0	238,506,441	100.0	75.5	77,425,997	24.5

RECAPITULATION IN PERCENTAGES.

YEARS.	PER CENT. OF RECEIPTS.		PER CENT. OF RECEIPTS EXPORTED.				PER CENT. OF EXPORTS.		PER CENT. OF RECEIPTS IN EXCESS OF EXPORTS.			
	N. Y. & Boston, Per cent.	Phila. & Baltimore, Per cent.	New York, Per cent.	Boston, Per cent.	Philadelphia. Per cent.	Baltimore, Per cent.	N. Y. & Boston, Per cent.	Phila. & Baltimore, Per cent.	New York, Per cent.	Boston, Per cent.	Philadelphia, Per cent.	Baltimore, Per cent.
1878	66.0	34.0	70.5	47.4	65.7	84.4	63.4	36.6	29.5	52.6	34.3	15.6
1879	63.2	36.8	76.2	48.1	68.2	83.3	61.4	38.6	23.8	51.9	31.8	16.7
1880	65.2	34.8	80.0	55.5	64.6	84.0	65.2	34.8	20.0	44.5	35.4	16.0

Statement showing Tonnage of 8th Class Freight forwarded to the four Atlantic Cities over the four Trunk Lines during the year ending December 31, 1880; also proportion of same exported on Through Bills of Lading.

OVER THE FOUR TRUNK LINES.	BOSTON.		NEW YORK.		PHILA.		BALTIMORE.	
	Tons.	Per cent. of Total Tonnage.	Tons.	Per cent. of Total Tonnage.	Tons.	Per cent. of Total Tonnage.	Tons.	Per cent. of Total Tonnage.
Total tonnage	593,732	......	2,380,782	......	1,117,990	......	1,332,091	......
Shipped on Foreign B. L.	293,713	49.5	446,279	18.7	81,588	7.3	24,776	1.9
Shipped on Domestic B. L.	300,019	50.5	1,934,503	81.3	1,036,402	92.7	1,307,315	98.1

STATEMENT B.

Showing the relative amount of West and East Bound, and Export Tonnage (under through bills of lading), of all classes, of the Four Atlantic Cities, during the periods named below:

WEST BOUND TONNAGE.

Forwarded from the Four Atlantic Cities, including a portion of New England, over the Five Trunk Lines.

PERIODS OF TIME.	Total Tons from four Atlantic Cities.	PERCENTAGE OF EACH CITY OF TOTAL TONNAGE.				
		New York.	Boston & N. E.	Phila.	Balt.	Total.
I.—For the year of 1878 .	1,274,858	58.1	16.2	15.5	10.2	100.0
II.—For the year of 1879 .	1,534,923	54.2	16.3	16.1	13.4	100.0
III.—For the year of 1880 .	1,871,480	54.6	16.5	16.0	12.9	100.0
IV.—For the 8 months ending Aug. 31, 1881, .	1,297,563	56.3	18.9	13.6	11.2	100.0

East Bound Tonnage.

Over the Four Trunk Lines, exclusive of Live Stock.

Periods of Time.	Total Tons to four Atlantic Cities.	Percentage of Each City of Total Tonnage.				
		New York.	Boston &N. E.	Phila.	Balt.	Total.
I.—For the year of 1878,	7,318,000	42.8	22.0	17.6	17.9	100.0
II.—For the 12 months ending July 31, 1880.	8,934,000	43.2	19.5	18.4	18.9	100.0
III.—For the 12 months ending July 31, 1881, .	8,973,000	44.3	23.3	16.1	16.3	100.0

Export under Through Bills of Lading.

Over the Four Trunk Lines.

Periods of Time.	Total Tonnage.	Percentage of Each City of Total Tonnage.				
		New York.	Boston	Phila.	Balt.	Total.
I.—August 1, 1879, to July 31, 1880, ...	1,293,030	56.1	29.0	10.9	4.0	100.0
II.—August 1, 1880, to July 31, 1881, ...	1,329,826	57.1	32.0	7.4	3.5	100.0

Note.—The four Trunk Lines when mentioned means the New York Central and Hudson River, the New York, Lake Erie and Western, the Pennsylvania and the Baltimore and Ohio Railroads; when the five Trunk Lines are referred to, the Grand Trunk Railway of Canada is included.

STATEMENT C.

STATEMENT SHOWING { I.—The "Receipts" of Dead Freight (in classes) and Cattle and Hogs, by the four Trunk Roads, at New York City, Boston, Philadelphia and Baltimore (Eastbound).
II.—The "Exports" (in classes) under Through Bills of Lading, via New York City, Boston, Philadelphia and Baltimore (Eastbound).
III.—The "7th Class Traffic" Receipts by the four Trunk Roads, and Exports according to Produce Exchange Report (Eastbound).
IV.—The "Imports" destined to Trunk Line Termini and West thereof, arriving at New York, Boston, Philadelphia and Baltimore (Westbound). } DURING YEAR 1880.

I.—RECEIPTS.

ATLANTIC CITIES.	CLASSIFICATION (IN TONS).															Cattle.	Hogs.
	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	X.	XI.	Cott'n.	Tobacco.	Iron.	Special.	Total.	Tons.	Tons.
To New York City	12,602	14,754	80,407	15,838	42,210	119,881	611,189	2,411,731	202,812	32,107	53,017	75,403	11,836	10,208	3,693,995	420,855	152,580
" Boston	2,570	29,972	15,385	4,064	10,705	20,605	111,037	593,732	65,793	3,708	27,051	2,253	1,996	5,993	894,864	39,054	48,969
" Philadelphia	2,801	12,358	12,279	2,741	9,003	33,766	120,169	1,117,990	87,689	6,851	13,830	3,912	9,780	2,109	1,435,278	87,788	30,315
" Baltimore	1,108	1,077	6,391	1,215	6,385	20,123	71,923	1,332,091	20,147	12,383	8,107	6,604	4,400	820	1,492,774	34,363	33,114
Total	19,081	58,161	114,462	23,858	68,303	194,375	914,318	5,455,544	376,441	55,049	102,005	88,172	28,012	19,130	7,516,911	582,060	264,978
Proportion of each class	0.25	0.78	1.52	0.32	0.91	2.59	12.16	72.58	5.01	0.73	1.36	1.17	0.37	0.25	100.00	....	....

II.—EXPORTS UNDER THROUGH BILLS OF LADING.

ATLANTIC CITIES.	CLASSIFICATION (IN TONS).														
	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	X.	XI.	Cotton.	Tobacco.	Iron.	Special.	Total.
Via New York City	432	371	1,570	1,579	8,518	17,423	269,099	446,279	4,819	17,903	28,431	18,105	....	349	814,878
" Boston	4	41	289	817	1,099	351	80,189	293,662	4,406	2,978	19,550	1,333	....	....	404,719
" Philadelphia	41	62	580	135	401	991	51,409	81,377	402	4,211	6,857	1,656	....	179	148,301
" Baltimore	5	0	94	19	302	313	23,350	24,825	845	431	6,124	1,311	....	....	57,619
Total	482	474	2,533	2,550	10,320	19,078	424,047	846,143	10,472	25,523	60,962	22,405	....	528	1,425,517
Proportion exported	2.53	0.82	2.21	10.69	15.11	9.82	46.38	15.51	2.78	46.36	59.76	25.41	....	2.76	18.97

STATEMENT C—*Continued.*

III.—7TH CLASS—RECEIPTS BY THE FOUR TRUNK ROADS.

Exports According to Produce Exchange Report.

ATLANTIC CITIES.	RECEIPTS.		EXPORTS	
	Tons.	Per Ct.	Tons.	Per Ct.
New York City	611,189	66.85	494,609	68.92
*Boston	111,037	12.14	129,500	18.05
Philadelphia	120,169	13.14	59,122	8.24
Baltimore	71,923	7.87	34,362	4.79
Total	914,318	100.00	717,593	100.00

*NOTE.—The receipts of Grand Trunk not being included, the Exp'ts show more than Rec'ts.

IV.—IMPORTS UNDER THROUGH BILLS OF LADING.

ATLANTIC CITIES.	CLASSIFICATION (IN TONS).								Per Ct. of Total Import.	Import Per Ct. of Total West-bound Tonnage.
	I.	II.	III.	IV.	V.	Special.	Calif.	Total.		
New York City	4,185	6,289	1,243	12,087	2,703	11,833	1,134	39,474	45.38	3.87
*Boston	317	176	58	17,737	....	....	....	18,288	21.02	5.92
Philadelphia	1,118	40	53	7,965	11,786	....	....	20,962	24.10	7.00
Baltimore	321	34	23	1,369	6,521	....	....	8,268	9.50	3.38
Total	5,941	6,539	1,377	39,158	21,010	11,833	1,134	86,992	100.00	4.65
Per ct. of each class	6.83	7.52	1.58	45.01	24.15	13.60	1.31	100.00	....	....

*NOTE.—The Central Vermont Import Tonnage is included in this statement.

STATEMENT D.

Total Receipts and Exports of Flour and Grain.

At the five Atlantic cities, New York, Philadelphia, Baltimore, Boston and Montreal, during the years named below; also, Percentages of each City of Total Receipts.

RECEIPTS.

YEAR.	TOTAL RECEIPTS OF THE FIVE ATLANTIC CITIES.	PERCENTAGES OF EACH CITY OF TOTAL RECEIPTS.							
		NEW YORK.				Phila.	Balt.	Bost'n	Montr'al.
		Canal.	Rail.	Coast.	Total				
1860	85,427,151	....	....	....	63.5	7.3	11.2	10.4	7.6
1865	93,753,650	....	....	....	57.5	8.6	11.4	14.3	8.2
1866	97,522,166	....	....	....	61.2	7.7	8.6	11.6	10.9
1867	87,112,779	....	....	....	55.3	8.8	13.1	12.5	10.3
1868	106,769,295	....	....	....	57.9	11.7	11.6	11.0	7.8
1869	118,268,926	....	....	....	55.0	12.3	11.7	10.0	11.0
1870	124,461,841	27.9	25.9	2.4	56.2	12.3	11.1	10.5	9.9
1871	158,805,433	33.1	21.7	1.6	56.4	12.7	11.0	9.6	10.3
1872	170,234,499	29.7	22.4	1.3	53.4	14.2	12.1	10.0	10.3
1873	174,525,321	24.5	27.5	0.8	52.8	14.3	11.2	10.3	11.4
1874	192,452,353	24.6	30.0	1.2	55.8	12.8	12.9	9.3	9.2
1875	179,875,321	21.1	30.1	1.1	52.3	15.7	12.2	10.2	9.6
1876	209,082,401	15.6	28.2	2.0	45.8	17.4	16.9	10.9	9.0
1877	205,420,366	23.5	24.8	2.0	50.3	12.5	16.9	11.3	9.0
1878	293,576,061	21.76	29.07	1.23	52.06	15.49	16.04	9.29	7.12
1879	332,485,424	17.15	30.66	1.25	49.06	14.25	20.09	9.86	6.74
1880	341,349,702	20.33	27.95	1.23	49.51	14.43	17.76	10.88	7.42

EXPORTS.

YEAR.	TOTAL EXP'RTS OF THE FIVE ATLANTIC CITIES.	PERCENTAGES OF EACH CITY OF TOTAL EXP'TS.				
		New York.	Phila.	Balt.	Boston.	Montreal.
1873	87,407,846	62.10	5.50	10.35	2.45	19.60
1874	104,994,100	62.94	6.36	11.96	3.03	15.71
1875	90,313,244	56.12	9.80	12.63	4.42	17.03
1876	125,771,730	44.13	17.50	19.69	4.80	13.88
1877	124,582,116	50.10	10.82	20.74	4.79	13.55
1878	212,497,231	50.74	14.06	18.69	6.09	10.42
1879	249,942,748	49.75	12.93	22.26	6.31	8.75
1880	265,383,823	50.95	12.01	19.20	7.71	10.13

NOTE.—The above Statement was compiled from Annual Reports of the New York Produce Exchange, with the exception of the Percentages of New York, via Canal, Rail and Coast, respectively, of the Total Receipts for the years 1870 to 1875, inclusive, which were prepared from Statement on page 198 of the Railroad Gazette of April 19, 1878.

STATEMENT E.

Tonnage and Per Cent. of Total Tonnage from each Point of its Origin carried from the West, and Termini of the Four Trunk Roads (N. Y. Central, N. Y., L. E. and Western, Penna., Balt. and Ohio), to Points East of the Trunk Line Termini, during the Year ending December 31, 1880.

NOTE.—*The Tonnage forwarded from Competing Points does not include that which passes through these Points, on through Bills of Lading.*

POINTS OF ORIGIN.	Tonnage.	Per Cent.
I.—From Principal Cities of Competition, Traffic from which has been divided:		
Chicago	1,512,986	14.43
Peoria	390,148	3.72
St. Louis	337,795	3.22
Indianapolis	285,460	2.72
Cincinnati	152,756	1.46
Louisville	73,468	0.70
Total	2,752,613	26.25
II.—From other Principal Cities, from which Traffic should be divided:		
Milwaukee	278,800	2.66
Cleveland	214,620	2.04
Detroit	140,324	1.34
Toledo	388,778	3.71
Total	1,022,522	9.75
III.—From Minor Points of Competition, from which Traffic can also be divided:		
Mississippi River Points	326,736	3.12
Missouri River Points	78,532	0.75
Bloomington	5,016	0.05
Springfield, Illinois	4,500	0.04
Cairo	8,529	0.08
Hamilton, Ont.	10,806	0.10
Toronto	16,349	0.15
Evansville	61,889	0.59
Fort Wayne	33,907	0.32
Lafayette	27,117	0.26
Terre Haute	32,012	0.31
Vincennes	32,625	0.31
Columbus	18,126	0.17
Dayton	48,496	0.46
Sandusky	29,798	0.28
Total	734,438	6.99

POINTS OF ORIGIN.	Tonnage.	Per Cent.
IV.—From Terminal Points of Trunk Lines:		
Buffalo	1,031,792	9.83
Salamanca	18,246	0.17
Dunkirk	19,348	0.19
Erie	46,786	0.45
Pittsburgh	274,231	2.62
Wheeling	25,700	0.25
Parkersburg	9,270	0.08
Bellaire	4,757	0.05
Total	1,430,130	13.64
V.—From States, exclusive of Tonnage already reported from Principal Cities and Competing Points:		
Wisconsin and N. W. and W. of Mo. River	320,805	3.06
Iowa	266,246	2.54
Illinois	900,741	8.59
Missouri	38,377	0.36
Ark., Tex., La. and Ind. Ty.	49,899	0.48
California	22,845	0.22
Michigan	399,113	3.80
Western Canada	157,649	1.50
New York State	43,013	0.41
Western Pennsylvania	107,229	1.02
Ohio	1,325,631	12.65
Indiana	696,619	6.64
South of Ohio River	168,346	1.60
West Virginia	2,093	0.02
Unknown	49,937	0.48
Total	4,548,543	43.37
Grand Total	10,488,246	100.00

STATEMENT E—*Continued.*

STATEMENT *showing the Percentage of Tonnage originating from the several States, classified according to their Origin in States.*

ORIGIN BY STATES.	Tonnage.	Per Cent.	ORIGIN BY STATES.	Tonnage.	Per Cent.
Wisconsin	599,605	5.72	South of Ohio River	241,814	2.31
Iowa	502,355	4.79	Western Pennsylvania	428,246	4.08
Missouri	545,331	5.20	West Virginia	37,063	0.35
Ark., Tex., La. and Ind. Ty.	49,899	0.48	New York State	1,112,399	10.60
Illinois	2,821,920	26.91	Western Canada	184,804	1.76
Indiana	1,169,629	11.15	California	22,845	0.22
Michigan	59,437	5.13	Unknown	49,937	0.48
Ohio	2,182,962	20.81	Total	10,488,246	100.00

STATEMENT F.

Showing the Distribution and Per Cent. of Total Tonnage to each Destination of Traffic originating at the Four Atlantic Cities and Eleven Interior New England Competing Points, carried to the West by the Four Trunk Roads (the N. Y. Central, N. Y., L. E. & Western, Pennsylvania & Balt. & Ohio). Also including Traffic carried by Central Vermont and Grand Trunk from Boston and New England Competing Points.

DURING THE YEAR ENDING DECEMBER 31, 1880.

NOTE.—The New England Competing Points, the Tonnage of which is embraced in this Statement, are Lowell, Nashua, Worcester, Springfield, Providence, South Framingham, Northampton, Holyoke, Westfield, Salem, and Fitchburg.

DESTINATIONS.	Tonnage.	Per Cent.
Chicago	346,582	18.52
Peoria	11,012	0.59
St. Louis	115,776	6.18
Indianapolis	30,955	1.65
Cincinnati	118,768	6.35
Louisville	37,069	1.98
Total	660,162	35.27
Milwaukee	45,299	2.42
Cleveland	82,288	4.40
Detroit	74,955	4.01
Toledo	30,374	1.62
Total	232,916	12.45
Mississippi River Points	16,927	0.91
Missouri River Points	37,629	2.01
Bloomington	3,739	0.20
Springfield	8,048	0.43
Cairo	929	0.05
Evansville	9,104	0.49
Fort Wayne	8,865	0.47
Lafayette	5,730	0.31
Terre Haute	8,012	0.43
Columbus	22,707	1.21
Dayton	14,845	0.79
Sandusky	5,853	0.31
Total	142,388	7.61
Buffalo	57,587	3.08
Pittsburgh	260,722	13.93
Wheeling	22,576	1.21
Parkersburg	4,592	0.24
Total	345,477	18.46
Wisconsin and North West	83,149	4.44
Iowa	29,045	1.55
Illinois	28,324	1.51
Missouri	4,511	0.24
Ark., Tex., La. and Ind. Ty.	7,681	0.41
California	48,369	2.59
Michigan	41,552	2.22
Western Canada	25,383	1.36
New York State	8,884	0.47
Pennsylvania	31,453	1.68
Ohio	128,954	6.89
Indiana	26,006	1.39
South of Ohio River	25,979	1.39
West Virginia	1,247	0.07
Total	490,537	26.21
Grand Total	1,871,480	100.00

STATEMENT *showing the Percentages of Tonnage Destined to the several States, classified according to their Destination in States.*

DISTRIBUTION BY STATES.	Tonnage.	Per Cent.
Wisconsin	128,448	6.86
Iowa	39,613	2.12
Missouri	164,275	8.78
Ark., Tex., La. and Ind. Ty.	7,681	0.41
Illinois	398,634	21.30
Indiana	88,672	4.74
Michigan	116,507	6.22
Ohio	403,789	21.57
South of Ohio River	63,048	3.37
Pennsylvania	292,175	15.61
West Virginia	28,415	1.52
New York State	66,471	3.55
Western Canada	25,383	1.36
California	48,369	2.59
Total	1,871,480	100.00

STATEMENT G.

STATEMENT *showing Average Quotations of Ocean Rates from the Seaboard Cities named below, to* LIVERPOOL, BY STEAMERS, *and* CORK FOR ORDERS, BY SAILING VESSELS, *during the years* 1877 *to* 1880, *inclusive. Compiled from New York Produce Exchange Reports. Average Quotations reduced to Cents per* 100 *lbs.*

YEAR.	TO LIVERPOOL, BY STEAMERS.						TO CORK, FOR ORDERS, BY SAILING VESSELS.				
	From New York.	From Philadelphia.	From Baltimore.	From Boston.	From Montreal—direct.	From Montreal, via Portla'd.	From New York.	From Philadelphia.	From Baltimore.	From Boston.	From Montreal.
1877	18.2 cts.	21.7 cts.	24.1 cts.	....	19.5 cts.	33.7 cts.	26.3 cts.	26.5 cts.	28.0 cts.	....	....
1878	27.3 "	29.7 "	32.0 "	25.7 cts.	28.7 "	45.7 "	29.5 "	29.1 "	29.2 "	28.1 cts.	30.5 cts.
1879	18.7 "	21.3 "	21.7 "	17.5 "	18.7 "	33.5 "	25.0 "	25.0 "	25.8 "	22.9 "	26.4 "
1880	16.4 "	20.3 "	19.0 "	16.6 "	21.2 "	35.9 "	22.9 "	22.2 "	23.8 "	21.8 "	28.3 "

FOR LAST SIX MONTHS OF EACH YEAR.

YEAR.	TO LIVERPOOL, BY STEAMERS.						TO CORK, FOR ORDERS, BY SAILING VESSELS.				
	From New York.	From Philadelphia.	From Baltimore.	From Boston.	From Montreal—direct.	From Montreal, via Portla'd.	From New York.	From Philadelphia.	From Baltimore.	From Boston.	From Montreal.
1877	27.6 cts.	32.0 cts.	30.9 cts.	....	31.1 cts.	....	31.9 cts.	31.4 cts.	30.9 cts.	....	....
1878	23.0 "	26.7 "	25.7 "	22.0 cts.	25.0 "	....	29.2 "	28.7 "	29.7 "	27.5 cts.	31.8 cts.
1879	22.4 "	27.2 "	24.3 "	22.4 "	28.3 "	38.7 cts.	29.2 "	27.7 "	28.5 "	24.8 "	31.7 "
1880	23.0 "	22.5 "	25.7 "	21.4 "	22.9 "	36.3 "	27.7 "	27.0 "	27.8 "	26.4 "	29.2 "

FOR ENTIRE YEAR.

YEAR.	TO LIVERPOOL, BY STEAMERS.						TO CORK, FOR ORDERS, BY SAILING VESSELS.				
	From New York.	From Philadelphia.	From Baltimore.	From Boston.	From Montreal, direct.	From Montreal, via Portla'd.	From New York.	From Philadelphia.	From Baltimore.	From Boston.	From Montreal.
1877	22.9 cts	26.9 cts.	27.5 cts.	....	28.2 cts.	33.7 cts.	29.1 cts.	28.9 cts.	29.4 cts.	....	....
1878	25.1 "	28.2 "	28.8 "	23.8 cts.	26.0 "	45.7 "	29.4 "	28.9 "	29.5 "	27.8 cts.	31.5 cts.
1879	20.6 "	24.2 "	23.0 "	20.0 "	24.9 "	35.0 "	27.1 "	26.3 "	27.1 "	23.0 "	29.8 "
1880	19.7 "	21.4 "	22.3 "	19.0 "	22.0 "	36.1 "	25.3 "	24.6 "	25.8 "	24.1 "	28.8 "

STATEMENT *showing Differences in Cents, per 100 lbs., in the Average Quotations of Ocean Rates at* PHILADELPHIA, BALTIMORE, BOSTON *and* MONTREAL, *as compared with* NEW YORK. *The Differences above New York Rates are marked +, and those below New York Rates are marked —.*

FOR FIRST SIX MONTHS OF EACH YEAR.

YEAR.	TO LIVERPOOL, BY STEAMERS.					TO CORK, FOR ORDERS, BY SAILING VESSELS.			
	From Philadelphia.	From Baltimore.	From Boston.	From Montreal—direct.	From Montreal—via Portla'd.	From Philadelphia.	From Baltimore.	From Boston.	From Montreal.
1877	+3.5 cts.	+5.9 cts.	....	+1.3 cts.	+15.5 cts.	+0.2 cts.	+1.7 cts.	....	....
1878	+2.4 "	+4.7 "	—1.6 cts.	+1.4 "	+18.4 "	—0.4 "	—0.3 "	—1.4 cts.	+1.0 cts.
1879	+2.6 "	+3.0 "	—1.2 "	0.0 "	+14.8 "	0.0 "	+0.8 "	—2.1 "	+1.4 "
1880	+3.9 "	+2.6 "	+0.2 "	+4.8 "	+19.5 "	—0.7 "	+0.9 "	—1.1 "	+5.4 "

FOR LAST SIX MONTHS OF EACH YEAR.

YEAR.	TO LIVERPOOL, BY STEAMERS.					TO CORK, FOR ORDERS, BY SAILING VESSELS.			
	From Philadelphia.	From Baltimore.	From Boston.	From Montreal—direct.	From Montreal, via Portla'd.	From Philadelphia.	From Baltimore.	From Boston.	From Montreal.
1877	+4.4 cts.	+3.3 cts.	....	+3.6 cts.	....	—0.5 cts.	—1.0 cts.	....	....
1878	+3.7 "	+2.7 "	—1.0 cts.	+2.0 "	....	—0.5 "	+0.5 "	—1.7 cts.	+2.6 cts.
1879	+4.8 "	+1.9 "	0.0 "	+5.9 "	+16.3 cts.	—1.5 "	—0.7 "	—4.4 "	+2.5 "
1880	—0.5 "	+2.7 "	—1.6 "	—0.1 "	+13.3 "	—0.7 "	+0.1 "	—1.3 "	+1.5 "

FOR ENTIRE YEAR.

YEAR.	TO LIVERPOOL, BY STEAMERS.					TO CORK, FOR ORDERS, BY SAILING VESSELS.			
	From Philadelphia.	From Baltimore.	From Boston.	From Montreal—direct.	From Montreal, via Portla'd.	From Philadelphia.	From Baltimore.	From Boston.	From Montreal.
1877	+4.0 cts.	+4.6 cts.	....	+5.3 cts.	+10.8 cts.	—0.2 cts.	+0.3 cts.	....	....
1878	+3.1 "	+3.7 "	—1.3 cts.	+0.9 "	+20.6 "	—0.5 "	+0.1 "	—1.6 cts.	+2.1 cts.
1879	+3.6 "	+2.4 "	—0.6 "	+4.3 "	+14.4 "	—0.8 "	0.0 "	—4.1 "	+2.7 "
1880	+1.7 "	+2.6 "	—0.7 "	+2.3 "	+16.4 "	—0.7 "	+0.5 "	—1.2 "	+3.5 "

STATEMENT H.

I.—*Quotations of Rates on Grain via Lake and Canal and Lake and Rail, from Chicago to New York, during the year* 1880, *as per report of Board of Trade of Chicago.*

II.—*Average Ocean Rates at New York and Baltimore, for each of the* 11 *months ending November* 30, 1881.

III.—*Estimate of Average Ocean Rates on Grain exported by Steam and Sail, from New York and Baltimore, from January* 1 *to November* 30, 1881.

RATES ON GRAIN VIA LAKE AND CANAL AND LAKE AND RAIL.

NOTE.—The estimate for insurance—0.6 cents per 100 lbs.—is based upon the charges of 1881 applied to the value of grain transported during 1880.

DATE.		LAKE AND CANAL RATES.			Lake (Steam) and Rail Rates.
		Lake (Sail) to Buffalo.	Canal, Buffalo to N. Y. (including tolls).	Chicago to N. Y. (including Buffalo charges and tolls).	
		Cts. per 100 lbs.	Cts. per 100 lbs.	Cts. per 100 lbs.	Cts. per 100 lbs.
April	10	9.9	12.5	23.7	....
	17	8.2	12.5	22.0	28.6
	24	6.3	11.6	19.3	28.6
May	1	5.2	9.8	16.3	28.2
	8	6.8	9.6	17.5	27.5
	15	7.7	10.2	19.2	26.7
	22	9.0	10.1	20.5	25.1
	29	10.2	9.9	21.4	27.3
June	5	10.8	10.5	22.6	27.3
	12	13.2	11.2	25.7	27.5
	19	12.3	11.7	25.4	26.7
	26	11.5	11.9	24.7	27.2
July	3	10.0	11.5	22.8	26.7
	10	9.5	10.8	21.5	26.7
	17	7.6	9.5	18.4	24.8
	24	7.2	9.1	17.6	24.8
	31	8.0	9.7	18.9	23.9
August	7	9.8	9.2	20.3	25.0
	14	10.1	9.4	20.8	26.3
	21	9.1	9.8	20.2	25.0
	28	8.7	10.5	20.5	23.0
September	4	7.8	9.7	18.5	25.5
	11	7.1	9.6	18.4	22.5
	18	6.9	9.6	18.2	22.7
	25	6.8	9.7	18.2	22.5
October	2	7.5	10.1	19.3	22.0
	9	9.9	10.4	22.0	23.0
	16	11.9	10.1	23.8	25.4
	23	12.5	11.1	25.4	26.7
	30	12.2	13.1	27.1	26.7
November	6	12.8	14.3	28.8	26.7
	13	12.1	13.9	27.7	26.5
	20	10.9	13.0	25.8	28.0
	27	11.2	....	....	29.5
Average rate .		9.4	10.8	21.6	25.9
Lake Ins.		0.6	....	0.6	0.6
Av'ge + Ins. .		10.0	10.8	22.2	26.5

AVERAGE OCEAN RATES AT NEW YORK AND BALTIMORE.

For each of the 11 months ending November 30, 1881.

1881.	STEAM, TO LIVERPOOL.		SAIL, TO CORK FOR ORDERS.	
	New York.	Baltimore.	New York.	Baltimore.
	Per Bushel.	Per Bushel.	Per Quar'r.	Per Quar'r.
	d	d.	s. d.	s. d.
January	7 +	7⅓+	4 5½+	5 6 +
February	5½—	6 1/16	4 11 +	4 11 +
March	5 —	6¼—	4 6 +	4 8 —
April	4⅛	5⅔	4 6⅚	4 8⅓
May	2½	2¾+	4 4⅔	3 9 +
June	3½—	3½—	4 4¾	3 9 +
July	4¾—	4 +	4 7½	4 3 +
August	5 +	5⅓—	5 1 +	4 8 +
September	3⅓+	4 —	4 8 —	4 3
October	3 —	3½	4 5	4 0⅓
November	4⅛	5⅙	4 6½	4 9 +
Average for 11 months ending Nov. 30, '81, in s. and d.	4⅓	4⅚	4 7⅙	4 5½+
In cents per 100 lbs.	14.4	15.4	23.0	22.3

STATEMENT H—*Continued.*

Average Ocean Rates on Export Grain, from January 1 to November 30, 1881.

	January 1 to April 30.				May 1 to November 30.				January 1 to November 30.			
	New York.		Baltimore.		New York.		Baltimore.		New York.		Baltimore.	
	Per Cent. of Exports.	Average Ocean Rate in Cents per 100 lbs.	Per Cent. of Exports.	Average Ocean Rate in Cents per 100 lbs.	Per Cent. of Exports.	Average Ocean Rate in Cents per 100 lbs.	Per Cent. of Exports.	Average Ocean Rate in Cents per 100 lbs.	Per Cent. of Exports.	Average Ocean Rate in Cents per 100 lbs.	Per Cent. of Exports.	Average Ocean Rate in Cents per 100 lbs.
Steamers	44.4	18.2	31.1	21.2	44.4	12.5	31.1	13.4	44.4	14.4	31.1	15.4
Sailing Vessels	55.6	23.0	68.9	24.7	55.6	23.0	68.9	21.0	55.6	23.0	68.9	22.3
Total	100.0	....	100.0	....	100.0	....	100.0	....	100.0	....	100.0	....
Average rate	....	20.87	....	23.61	....	18.34	....	18.61	....	19.18	....	20.15
Average rate higher than New York	....	....	....	2.74	....	....	....	0.30	....	....	....	0.97

NOTE 1.—The above rates are on the basis of Steam to Liverpool, and Sail to Cork, for orders.

NOTE 2.—The amounts estimated as exported by Steam and Sail during each period, were assumed to be in the same proportion as those shown by Statement K.

STATEMENT J.

Destination of Export Corn and Wheat from New York and Baltimore during Crop year ending August 31, 1880, *and from Philadelphia during Calendar Year ending December* 31, 1880.

DESTINATIONS.	New York—Bushels.	Per cent. of Total from New York.	Per cent. of Total from the Three Cities to each Destination.	Philadelphia—Bushels.	Per cent. of Total from Philadelphia.	Per cent. of Total from the Three Cities to each Destination.	Baltimore—Bushels.	Per cent. of Total from Baltimore.	Per cent. of Total from the Three Cities to each Destination.
Great Britain:									
London	9,234,783	8.1	.....	.....	.....	.....	806,394	1.5	.....
Liverpool	11,278,805	9.9	.....	.....	.....	.....	3,456,210	6.5	.....
Glasgow	4,485,581	3.9	.....	.....	.....	.....	95,915	0.1	.....
Hull	4,255,559	3.8	.....	.....	.....	.....	619,582	1.1	.....
Bristol	3,091,014	2.7	.....	.....	.....	.....	513,323	1.0	.....
Dublin	389,982	0.3	.....	.....	.....	.....	1,586,576	3.0	.....
Belfast	448,931	0.4	.....	.....	.....	.....	1,344,029	2.5	.....
Gloucester	242,740	0.2	.....	.....	.....	.....	405,285	0.8	.....
Cork and Queenstown	19,727,255	17.4	.....	.....	.....	.....	9,299,455	17.4	.....
New Castle	799,238	0.7	.....	.....	.....	.....	701,140	1.3	.....
Cardiff	374,193	0.3	.....	.....	.....	.....	208,6 8	0.4	.....
Other British ports	10,175,351	9.0	.....	.....	.....	.....	7,695,917	14.4	.....
Total British ports	64,503,462	56.7	60.8	14,783,911	48.7	14.0	26,732,504	50.1	25.2
Ger., Dutch and Belgian Ports:									
Antwerp	7,756,377	6.9	.....	.....	.....	.....	2,668,449	5.0	.....
Hamburg	4,723,139	4.2	.....	.....	.....	.....	541,532	1.0	.....
Bremen	1,611,484	1.4	.....	.....	.....	.....	646,716	1.2	.....
Rotterdam	2,861,890	2.5	.....	.....	.....	.....	984,826	1.9	.....
Amsterdam	164,340	0.2	.....	.....	.....	.....	.....	.....	.....
Other German ports	925,902	0.8	.....	.....	.....	.....	45,295	0.1	.....
Total Ger., Dutch & Belg. pts.	18,043,132	16.0	65.0	4,812,248	15.8	17.4	4,886,818	9.2	17.6
Denmark	2,830,798	2.5	80.3	467,216	1.5	13.3	227,822	0.4	6.4
Sweden and Norway	731,528	0.6	87.2	107,449	0.4	12.8	.....	.....	.....
France:									
Havre	4,241,523	3.7	.....	.....	.....	.....	1,716,647	3.2	.....
Marseilles	1,577,841	1.4	.....	.....	.....	.....	28,200	0.1	.....
Bayonne	64,202	0.1	.....	.....	.....	.....	625,910	1.2	.....
Dunkirk	1,273,631	1.2	.....	.....	.....	.....	1,734,738	3.2	.....
Rouen	1,332,509	1.2	.....	.....	.....	.....	3,318,614	6.2	.....
Calais	1,030,791	0.8	.....	.....	.....	.....	1,039,191	1.9	.....
St. Nazaire	680,181	0.6	.....	.....	.....	.....	2,653,916	5.0	.....
Bordeaux	596,475	0.5	.....	.....	.....	.....	4,517,723	8.5	.....
Other French ports	1,494,714	1.3	.....	.....	.....	.....	3,854,706	7.2	.....
Total French ports	12,291,867	10.8	32.1	6,484,104	21.4	16.9	19,489,645	36.5	51.0
Portugal:									
Lisbon	960,811	0.8	.....	.....	.....	.....	24,585	0.1	.....
Oporto	198,457	0.2	.....	.....	.....	.....	128,619	0.2	.....
Other Portuguese ports	100,338	0.1	.....	.....	.....	.....	.....	.....	.....
Total Portuguese ports	1,259,606	1.1	36.6	2,026,939	6.7	58.9	153,204	0.3	4.5
Spain:									
Vigo	10,056	0.0	.....	.....	.....	.....	.....	.....	.....
Barcelona	290,945	0.2	.....	.....	.....	.....	.....	.....	.....
Gibraltar	366,325	0.3	.....	.....	.....	.....	.....	.....	.....
Cadiz	30,262	0.1	.....	.....	.....	.....	.....	.....	.....
Other Spanish ports	1,475,540	1.3	.....	.....	.....	.....	.....	.....	.....
Total Spanish ports	2,173,128	1.9	53.0	1,072,486	3.5	26.2	851,505	1.6	20.8
Italy:									
Genoa	28,208	0.0	.....	.....	.....	.....	.....	.....	.....
Naples	1,108,524	1.0	.....	.....	.....	.....	733,936	1.4	.....
Other Italian ports	1,721,787	1.5	.....	.....	.....	.....	91,545	0.1	.....
Total Italian ports	2,858,519	2.5	68.7	478,383	1.6	11.5	825.481	1.5	19.8

STATEMENT J—*Continued.*

DESTINATIONS.	New York—Bushels.	Per cent. of Total from New York.	Per cent. of Total from the Three Cities to each Destination.	Philadelphia—Bushels.	Per cent. of Total from Philadelphia.	Per cent. of Total from the Three Cities to each Destination.	Baltimore—Bushels.	Per cent. of Total from Baltimore.	Per cent. of Total from the Three Cities to each Destination.
All Other Ports:									
Geneva	83,660	0.1	......	....	......	......	....	......	......
Other Continental ports	7,574,351	6.7	......	49,698	0.2	......	....	......	......
Brazil	700	0.0	......	....	......	......	10,000	0.0	......
Argentine Republic	62,746	0.1	......	....	......	......	....	......	......
Other South American ports	252,560	0.2	......	71	0.0	......	22,183	0.0	......
West Indies	622,609	0.5	......	64,769	0.2	......	24,321	0.1	......
Central America	3,639	0.0	......	....	......	......	....	......	......
British North American Colonies	18,197	0.0	......	....	......	......	7,735	0.0	......
Other Countries	377,200	0.3	......	....	......	......	142,141	0.3	......
Total other ports	8,995,662	7.9	96.6	114,538	0.4	1.2	206,380	0.4	2.2
Total export, corn and wheat	113,687,702	100.0	57.6	30,347,274	100.0	15.4	53,373,359	100.0	27.0

NOTE.—The New York statement was compiled from New York Produce Exchange Report for 1880, pages 352 and 353; the Philadelphia statement from the Forty-eighth Annual Report of the Philadelphia Board of Trade, pages 75 to 95 inclusive; and the Baltimore statement from the Report of the Baltimore Corn and Flour Exchange for 1880, pages 93 and 94, and 111 to 113 inclusive.

STATEMENT K.

Estimate of Average Ocean Rates on Grain Exported by Steam and Sail from New York, Philadelphia and Baltimore, during the year, and during the periods of Open and Closed Navigation of the Year 1880.

DURING THE YEAR.

	NEW YORK.			PHILADELPHIA.			BALTIMORE.		
	Bushels.	Per Cent.	Average Ocean Rate in Cents per 100 lbs.	Bushels.	Per Cent.	Average Ocean Rate in Cents per 100 lbs.	Bushels.	Per Cent.	Average Ocean Rate in Cents per 100 lbs.
Steamers	48,893,852	44.4	19.7	7,390,000	25.1	21.4	12,804,529	31.1	22.3
Sailing Vessels	61,206,969	55.6	25.3	22,067,000	74.9	24.6	28,383,410	68.9	25.8
Total	110,160,821	100.0	......	29,457,000	100.0	......	41,187,939	100.0	......
Average Rate	....	......	22.81	....	......	23.79	....	......	24.71
Ave. Rate higher than from N. Y.	....	......	......	....	......	0.98	....	......	1.90

DURING OPEN NAVIGATION.

	NEW YORK.			PHILADELPHIA.			BALTIMORE.		
	Tons.	Per Cent.	Average Ocean Rate in Cents per 100 lbs.	Tons.	Per Cent.	Average Ocean Rate in Cents per 100 lbs.	Tons.	Per Cent.	Average Ocean Rate in Cents per 100 lbs.
Steamers	1,302,369	44.4	23.0	143,857	25.1	22.5	265,595	31.1	25.7
Sailing Vessels	1,630,895	15.6	27.7	429,279	74.9	27.0	588,407	68.9	27.8
Total	2,933,264	100.0	......	573,136	100.0	......	854,002	100.0	......
Average Rate	....	......	25.61	....	......	25.87	....	......	27.15
Ave. Rate higher than from N. Y.	....	......	......	....	......	0.26	....	......	1.54

DURING CLOSED NAVIGATION.

	NEW YORK.			PHILADELPHIA.			BALTIMORE.		
	Tons.	Per Cent.	Average Ocean Rate in Cents per 100 lbs.	Tons.	Per Cent.	Average Ocean Rate in Cents per 100 lbs.	Tons.	Per Cent.	Average Ocean Rate in Cents per 100 lbs.
Steamers	245,000	44.4	16.4	37,421	25.1	20.3	82,401	31.1	19.0
Sailing Vessels	306,802	55.6	22.9	111,665	74.9	22.2	182,553	68.9	23.8
Total	551,802	100.0	......	149,086	100.0	......	264,954	100.0	......
Average Rate	....	......	20.01	....	......	21.72	....	......	22.31
Ave. Rate higher than from N. Y.	....	......	......	....	......	1.71	....	......	2.30

NOTE 1.—The rates during the year are on the basis of Steam to Liverpool, and Sail to Cork for orders, for entire year of 1880; the rates during open navigation are taken from the last six months of 1880, and the rates during closed navigation for first six months of 1880. See Statement "G."

NOTE 2.—The Statement for the year shows the quantities of Corn and Wheat exported by Steam and Sail from New York, as per N. Y. Produce Exchange Annual Report for 1880, page 351; from Philadelphia for the year ending December 31, 1880, as furnished by Messrs. Peter Wright & Sons; and from Baltimore for the Crop year ending August 31, 1881, compiled from the Baltimore Journal of Commerce of September 3, 1881.

NOTE 3.—Estimate of Exports of Grain during seasons of Open and Closed Navigation, are based upon the receipts of grain at New York, Philadelphia and Baltimore during the respective periods, assuming that the percentages of receipts exported during each period were the same as for the entire year, viz: New York, 80 per cent., Philadelphia, 64.6 per cent., Baltimore, 84 per cent. The amounts estimated as exported by steam and by sail during each period, were assumed to be in the same proportion as the exports during the whole year.

STATEMENT L.

Estimate of Average Rate per 100 lbs. for Transporting Grain to and through New York, Philadelphia and Baltimore, by all Routes, during the year 1880. Also, during Open Navigation of same year.

	During the Year 1880.			During Open Navigation, 1880.		
	Weight in Tons.	Average quoted Rates in cents per 100 lbs.	Estimated Revenue.	Weight in Tons.	Average quoted Rates in cents per 100 lbs.	Estimated Revenue.
NEW YORK.						
Lake and Canal	1,975,552	22.2	$8,771,450	1,975,552	22.2	$8,771,450
Lake and Rail	712,257	25.25	3,596,898	712,257	25.25	3,596,898
Rail—Through	1,668,525	30.0	10,011,150	978,772	27.5	5,383,246
Totals—Tonnage and Estimated Revenue	4,356,334		$22,379,498	3,666,581		$17,751,594
Average Inland Rate	....	25.69	....	....	24.21	....
Average Ocean Rate	....	22.81	....	....	25.61	....
Average Through Rate	....	48.50	....	....	49.82	....
PHILADELPHIA.						
Lake and Rail	171,377	23.25	$796,903	171,377	23.25	$796,903
Rail—Through	946,613	28.0	5,301,032	715,830	25.5	3,650,733
Totals—Tonnage and Estimated Revenue	1,117,990		$6,097,935	887,207		$4,447,636
Average Inland Rate	....	27.27	....	....	25.07	....
Average Ocean Rate	....	23.79	....	....	25.87	....
Average Through Rate	....	51.06	....	....	50.94	....
BALTIMORE.						
Lake and Rail	160,429	22.25	$713,909	160,429	22.25	$713,909
Rail—Through	1,171,662	27.0	6,326,974	856,240	24.5	4,195,576
Totals—Tonnage and Estimated Revenue	1,332,091		$7,040,883	1,016,669		$4,909,485
Average Inland Rate	....	26.43	....	....	24.14	....
Average Ocean Rate	....	24.71	....	....	27.15	....
Average Through Rate	....	51.14	....	....	51.29	....

RECAPITULATION.

	During the Year 1880.			During Open Navigation, 1880.		
	N. Y.	Phila.	Balt.	N. Y.	Phila.	Balt.
Average Inland Rate	25.69 cts.	27.27 cts.	26.43 cts.	24.21 cts.	25.07 cts.	24.14 cts.
Less or more to N. Y., allowing Differentials	....	1.58 "	—0.74 "	....	—0.86 "	+0.07 "
Less to New York without Differentials	....	3.58 "	3.74 "	....	2.86 "	2.93 "
Average Ocean Rate	22.81 cts.	23.79 "	24.71 "	25.61 cts.	25.87 "	27.15 "
Less from New York	....	0.98 "	1.90 "	....	0.26 "	1.54 "
Average Through (Inland and Ocean) Rate	48.50 cts.	51.06 "	51.14 "	49.82 cts.	50.94 "	51.29 "
Less via New York, allowing Differentials	....	2.56 "	2.64 "	....	1.12 "	1.47 "
Less via New York, without Differentials	....	4.56 "	5.64 "	....	3.12 "	4.47 "

NOTE I.—The average Rail rate during the year 1880, according to tariff, was 32.5 cents per 100 lbs., Chicago to New York, but as this rate was not always fully maintained, 30 cents has been estimated as the average rate during the whole year. During open navigation the tariff rate was 30 cents, but for same reasons has been estimated at 27.5 cents.

NOTE II.—The average Lake and Rail rate, as reported by the Chicago Board of Trade, was 25.9 cents; on account of probable reductions in rail proportion, it has been assumed 1.25 cents less, making it 24.65 cents + 0.6 cents insurance, — 25.25 cents. The rates on grain from Buffalo were probably less, on account of reduced rail rates, but have been estimated the same as lake (steam) and rail. The grain shipments originating at Buffalo, were 479,505 tons to New York, and 18,646 tons to Philadelphia.

NOTE III.—No estimate has been made of the average rate to Boston, as the reports of rail receipts at Boston do not include the receipts via the Grand Trunk Railway, and are therefore incomplete.

NOTE IV.—The estimate of average rates is based upon grain carried to seaboard by the Trunk Lines from their Western termini and beyond.

In the Produce Exchange reports of total receipts at seaboard cities, there is included grain from points East of Western termini of the Trunk Lines, as well as grain from other transportation routes.

A comparison of Trunk Line and Produce Exchange Statements will show that New York received from these sources 299,450 tons, or about 10,000,000 bushels; Philadelphia, 217,350 tons, or about 7,000,000 bushels; Baltimore, 388,921 tons, or about 12,000,000 bushels.

Expressed in percentages of the whole receipts, this grain, for the transportation of which the Trunk Lines do not compete, amounts at New York to 6.4 per cent.; at Philadelphia to 16.3 per cent., and at Baltimore to 22.6 per cent of the whole receipts.

PREAMBLE AND RESOLUTIONS

APPOINTING

ADVISORY COMMISSION.

1882.

PROCEEDINGS OF MEETING OF THE TRUNK LINE EXECUTIVE COMMITTEE, HELD AT THE OFFICE OF THE COMMISSIONER, JANUARY 24, 1882, AT 11:30 A. M.

APPOINTMENT OF AN ADVISORY COMMISSION.

The following Preamble and Resolutions were unanimously adopted:

Whereas, The New York Central and Hudson River Railroad Company, W. H. Vanderbilt, President; the New York, Lake Erie and Western Railroad Company, H. J. Jewett, President; the Pennsylvania Railroad Company, G. B. Roberts, President; and the Baltimore and Ohio Railroad Company, John W. Garrett, President, have agreed that the differences in rates which should exist both Eastwardly and Westwardly, and upon all classes of freight, between the several terminal Atlantic ports, be submitted to a Commission consisting of three competent and disinterested persons, before whom the Chambers of Commerce or other authorized and interested Trade bodies of the seaboard cities involved may, by duly accredited representatives, present and argue the bearing of such differences in rates upon their several cities and interests; said Commission to procure such other information as it may desire, and report their conclusions to the said Railway Companies. Therefore, it is

Resolved, That the Commissioner of the Trunk Lines is hereby directed to notify the gentlemen, who may be selected as members of the Commission, of their appointment, and solicit their acceptance, and also to furnish them with a copy of this preamble and resolutions, and after the Commission is formed, to give notification to the various commercial organizations of the several Atlantic cities, and to request them to appoint committees or representatives, for the purpose of meeting the Advisory Commission, at such times and places as may be mutually agreed upon, to carry out the object of the foregoing agreement.

Resolved, That Hon. Allen G. Thurman, Hon. E. B. Washburne, Hon. Thos. M. Cooley, constitute the Commission.

C. W. Bullen, *Secretary.*

Albert Fink, *Commissioner of Trunk Lines.*

Report of

Messrs. Thurman, Washburne & Cooley

Constituting an

Advisory Commission on

Differential Rates by Railroads

Between the West and

the Seaboard.

REPORT UPON DIFFERENTIAL RATES.

PRELIMINARY.

In January, 1882, the undersigned were notified that they had been selected by the New York Central and Hudson River Railroad Company, W. H. Vanderbilt, President; the New York, Lake Erie and Western Railroad Company, H. J. Jewett, President; the Pennsylvania Railroad Company, G. B. Roberts, President, and the Baltimore and Ohio Railroad Company, John W. Garrett, President, to act as an Advisory Commission upon "the differences in rates that should exist, both Eastwardly and Westwardly, upon all classes of freights between the several terminal Atlantic ports," and to report upon the same.

Accepting the appointment, the undersigned met and organized as a Commission, at the City of New York, on February 13, 1882, by designating Mr. Thurman to act as Chairman and selecting Mr. Thomas C. Moore, of Indianapolis, as Secretary. On conferring with Mr. Albert Fink, who on that occasion represented the several railroads named, we were informed that it was not the purpose or desire of the railroad managers to take part in the proposed inquiry after setting it on foot; but that they proposed to leave it exclusively in our hands, in the expectation, however, that other parties interested in the problems of railroad transportation would make before us a full showing of the facts supposed to have a bearing upon the question, and that we would then express our opinion, uninfluenced by the wishes or interests of the railroad companies. The managers informed us, however, that they held themselves ready to furnish any such information as might be peculiarly within their knowledge, at any time when we might call for it.

Having this understanding of our commission, and desirous of acting intelligently and with full information, we caused circulars to be sent to all the commercial organizations of the cities of New York, Philadelphia, Baltimore and Boston, and to such like organizations in the interior as it was thought would be inclined to respond, inviting them to appear before the Commission and present their views; and whenever a desire to be heard was expressed by any one of them, time and place were designated for the purpose.

From the Produce Exchange, the Board of Trade and Transportation and the Chamber of Commerce of the City of New York, and from the corresponding organizations of the cities of Philadelphia and

Baltimore, letters expressive of a desire to be heard were received, and public meetings were accordingly held in those cities, at which the question referred to us was very fully considered and discussed. For the purposes of such discussion, we found that in every instance careful and thoughtful preparation had been made, and the arguments, either in full or in substance, were put in print for our subsequent review. Statistics were also collected for us, so far as was thought important. Under the guidance of the commercial bodies, we also visited and inspected the railroad terminal facilities, under circumstances most favorable to a full understanding of the manner in which they concerned the general subject.

The leading commercial organizations of St. Louis, Louisville and Toledo also appeared before us at public sittings held in those cities respectively, and presented their views in print, supplementing them with oral arguments and explanations.

We were also favored at Philadelphia with discussions by representatives of the Board of Trade of Newark, New Jersey, and at St. Louis with the views of the Board of Trade of Indianapolis, presented by one of its members. The Chamber of Commerce of Cincinnati communicated its views to us in formal resolutions, without deeming it necessary to request public sittings in that city, and single individuals, not representing any formal organizations, have also in some cases been heard. We have also sought and obtained information independently wherever we have found it available, and have made use of the published reports of the railroad companies for that purpose. Our endeavor has been to view the subject from the standpoints of the various interests concerned, and to reach a conclusion that overlooked the just claims of no interest and no locality.

THE QUESTION.

The subject referred to us is that commonly spoken of under the designation of Differential Rates. In the reference, however, and in the paper which follows, the term is made use of in a somewhat restricted sense, being applied not to the differences in rates generally, or as between the several classes of freight as they are arranged in the tariffs of freight charges, but to the differences in rates which are made by the railroad companies as between the several Atlantic seaport cities, and the interior points where the freights are taken up or delivered. It appears that the four railroad companies mentioned, and which, with the Grand Trunk of Canada, are commonly called the Trunk Line roads, have generally been accustomed to make higher charges for the transportation of freights between New York and Boston, as eastern

termini, and the leading towns of the interior, than between Philadelphia and Baltimore and the like towns; and that at the present time they seem to agree in the policy and propriety of making these differences. An idea of the extent of the differences is indicated by the statement that, taking the charges for the transportation of eastward bound freights from Chicago to New York as the standard, the charges to Boston are made the same, and those to Philadelphia two cents, and to Baltimore three cents per hundred pounds less. On westward bound freights the differences are not uniform, but are made higher in the case of those classes of property which are rated highest in the freight tariffs. As between the seaboard cities and St. Louis, Cincinnati, Toledo and other Western towns, the rates are proportioned to the Chicago rate according to mileage. This is the existing rule or practice.

Whether it is right or proper to make any such discrimination in the charges for the transportation of property between the Atlantic cities and the cities of the interior, and if so, to what extent, is the question that we understand was referred to us, and nothing more. We, therefore, limit our discussion to that question, and pass by many subjects of interest in railroad transportation that were more or less touched upon in the public discussions which took place in our hearing, but which can interest us only as private citizens. Whatever opinions we or any of us may have respecting controverted questions in railroad policy and railroad management, which do not fall within the scope of our present inquiry, it would not become us to intrude them into this discussion.

THE PARTIES CONCERNED.

Although the invitation to us came from the Trunk Line railroad companies, we have not understood that this was because the subject was one over which they had rightfully any exclusive authority. It is, indeed, a subject with which they, first of all, are called upon to deal, for they and their affiliated roads enforce the charges which come under consideration, and establish the differentials if any are established at all. But the railroads constitute a single class only of the many whose interests may be affected, and it may appear, perhaps, that they are not the class most largely concerned. In all the discussions before us it has been assumed that the people of Boston, New York, Philadelphia and Baltimore, and especially all those who are engaged in the exchange of commodities with the interior and with foreign countries, are largely interested, and that their prosperity is to some extent involved in the relative adjustment of rates. The railroads of the interior, which act as feeders to the Trunk Lines, and divide with them the charges on freights moved between the interior and the seaboard, are also inter-

ested to the extent that the differentials affect their proportion of the charges. We have found also that the people of the interior consider their interests to some extent involved in the question; and they certainly are concerned in having such tariffs of charges upon the roads over which their traffic is conducted as will give them the advantages of any and all the Atlantic markets, without subjecting their dealings with any one of them to unfair conditions or burdens. It is therefore evident that the question is one of very general interest; and it may almost be said that the question of relative equality of rates, as between Chicago and the Atlantic ports, when those between the other Western towns and the same ports are measured by them, is one of national rather than of local concern.

THE SITUATION.

Three distinct views of the differential rates were taken and urged before us, which may be shortly stated as follows: The New York view, that the differences made in the rates in favor of Baltimore and Philadelphia were wholly wrong and should be abrogated; the Baltimore view, that the differentials were right in principle, but if anything too small; the Philadelphia view, that the differentials should continue, but that they ought not to discriminate as between Philadelphia and Baltimore. In the interior we encountered much difference in opinion, but no views distinctly peculiar.

The discussion was open at New York, where it seemed to be assumed that the parties chiefly concerned were the three cities of New York, Philadelphia and Baltimore, and that the differentials operated to build up the business of the two last to the prejudice of that of New York. On this assumption it was then said they were unjust, and that it was the duty of the New York railroads to force their abrogation. It was also assumed that two of the Trunk Line railroads were peculiarly New York roads, whose managers ought to be expected to labor especially in the New York interests, and to enter into the rivalries of that city, so far, at least, as might be necessary to protect the commerce of New York against injury through the more favorable rates which might be offered by the Philadelphia and Baltimore roads to the people of those cities respectively. At Philadelphia a somewhat similar view was taken of the obligation of the Pennsylvania Railroad to protect Philadelphia interests, and at Baltimore a corresponding protection appeared to be looked for at the hands of the Baltimore & Ohio Railroad. Thus the several Trunk Line railroads were spoken of as New York, Philadelphia and Baltimore roads respectively, and claims of a local nature were made upon them as being such roads.

Nothing, however, in our investigation of the subject has struck us more forcibly than the fact that the growth of railroad business has been such as to take from the several Trunk Line roads nearly all of purely local character which they formerly possessed. The time appears to have gone by when the interests of any one of them can be concentrated upon and bound up indissolubly with the interests of any one city, so as to constitute it either the dependent or the champion of that city as against the rest of the Union, or even as against any other commercial centre of the Union. The arms of every one of these roads reach out in every direction to embrace and gather in the business of the country, and to distribute impartially according to need and demand. States and cities have called particular railroads into being, but they cannot circumscribe their operations, or make exclusive appropriation of their benefits. Once constructed, they belong to a public which pays little regard in business matters to State lines, and business reasons, which have general influence and force, control their operations, in spite of local sympathies or desires. It is true that two of the Trunk Line railroads—the New York Central & Hudson River, and the New York, Lake Erie & Western—hereinafter spoken of as the Central and the Erie respectively—find the largest share of what is called their through business directed to or originating at the City of New York, and it may be that their managers desire to bring to that city all the business they can control. In common parlance, there is certainly nothing misleading in speaking of these two as New York roads; for the major part of their interests center in New York, and whatever benefits or injures the business of New York, must, to some extent, benefit or injure them also. But these roads do not refuse freight to Baltimore, Philadelphia or Boston; on the contrary, they enter into competition for them, and through the assistance of affiliated roads, endeavor to make it for the interest of the people of those cities to avail themselves of their facilities in the transportation of goods and supplies. They thus make themselves part of a system of competitive roads, which offers to the business community of every Atlantic seaport a choice of traffic routes and traffic agencies, and they solicit business on the necessary understanding that they shall respect the just rights and claims of all localities, and not sacrifice to New York the interests which are confided to them elsewhere.

It is also not misleading to speak of the Baltimore & Ohio Railroad as a Baltimore road, for its interests, in the main, centre in the City of Baltimore; its bonds and stocks are supposed to be mainly held or controlled there, and its traffic is mainly between that city and the interior. But this road, no more than the New York roads, consents to

stand apart from the railroad system of the country, as a road limiting its business to a single Atlantic terminus, and declining general competition. On the contrary, it solicits business at the seaports to the north of Baltimore; and that its efforts in that direction have a fair measure of success is evidenced by the fact that in the year 1880 it carried of the westward bound freight moved by the Trunk Line roads from New York more than eight per cent., from Philadelphia more than nine per cent., and from Boston about five per cent., and these proportions are fairly representative of the general run of its traffic. These facts are sufficient to show that neither the New York roads nor the Baltimore road are so exclusively linked to the business interests of those cities respectively as to be either unable or unwilling to share in or contribute to the prosperity of rival cities. And it is now publicly said and seems to be understood that the Baltimore & Ohio is seeking to obtain an independent line into New York, that it may make its competition at that point still more active and efficient.

It certainly cannot be claimed, with much appearance of plausibility, that the Pennsylvania Railroad is the road of any particular city. The company which owns it is indeed a Pennsylvania corporation, its officers are in the City of Philadelphia, its stocks and bonds are largely held there, and perhaps not largely held elsewhere in this country, and it is not improbable that the feelings and sympathies of those who manage its concerns would incline them to desire specially the growth and prosperity of Philadelphia above other places. But the road has its eastern terminus, not at Philadelphia, but on the harbor of New York, where it has made large and costly preparations to compete with the Central and the Erie for New York business. That it does compete with those roads successfully is shown by the enormous amount of freight which it moves from and carries into that city, and by the fact that the merchants of New York have come to look upon it, with entire justice, as one of the most important channels of communication with the West. In the year 1880 this road took out of New York twenty-six per cent. of the westbound freight carried by the Trunk roads, and delivered to it nearly twenty per cent. of the eastbound. While thus successfully bidding for the custom and favor of New York, it is plain that the Pennsylvania Railroad cannot antagonize the interests of New York unfairly, and must refrain from any attempt to subordinate them to the rival interests which it also endeavors to serve. It is a necessary condition of its competition for the trade of New York, that it shall make its services beneficial, and that it shall offer facilities which are not surpassed by those offered by other roads. But the Pennsylvania also, through its association with the Northern

Central, competes with marked success for the trade of Baltimore, and took away from that city in the year 1880 twenty-three per cent. of the westbound freight carried by the American Trunk Line roads. Its share in the eastbound freight was still more considerable, being forty per cent. What is said of its relations to New York business may therefore with equal truth be said of its relations to the business of Baltimore; it must hold itself above the rivalries of locality, and assume the attitude of an impartial carrier, desirous of the favor and custom of the whole country, and willing and anxious to serve all localities on such terms as are relatively equal and substantially just.

It is not likely that this reaching out of all the Trunk Line roads to compete with each other in the several Atlantic cities was contemplated when the roads were originally constructed; but as the several lines have pushed their connections in the West in competition, it has been found desirable for each to offer to its patrons the advantages of as many markets as possible, and to carry for them, without breaking bulk, whatever they have had for carriage in an eastward or westward direction. Competition has thus made roads national which were once local, and it is vain to expect that so important a subject as that of differential rates will be settled on the local preferences or prejudices of those who may have authority in railroad circles. It must, therefore, be settled either arbitrarily, by the fiat or agreement of the transportation companies, or it must be determined by some underlying principle. We agree with what was said in the New York discussions and elsewhere, that any arbitrary adjustments in disregard of such principles as would naturally influence prices of transportation when untrammeled, would not, could not, and ought not to be upheld. There should be—and as we think there must be—some principle by which to determine such a question, or perhaps two or more principles acting upon and qualifying each other.

It has been assumed in the discussions we have listened to, that business would be invited to a city by low rates upon its railroad lines, and that the prosperity of the city would bear some relation to these rates. How far this assumption is likely to be well founded, we, of course, have no more means of judging than has the general public. But the fact that each of the Trunk Line roads has its relations to all the cities, and each city receives benefits from all the roads, is sufficient to suggest some question, whether low relative rates and large relative business will necessarily go together. Though it is true, as we think and have said, all the roads which compete for the business of a place must treat its interests fairly, and not subordinate them to the interests of rival places; yet it must be expected that they will at all times have

primarily in view their own interests, and that their zeal to procure business will bear some proportion to the anticipated profits. If New York business is most remunerative, it will be sought most eagerly; if not, the railroad managers will direct attention to that which is. Reducing the New York rates relatively to those of Philadelphia and Baltimore, seems, therefore, to invite the roads to favor particularly the business of the two cities last named. Establishing differential rates in favor of Philadelphia and Baltimore holds out inducements to the railroads to favor the New York trade. The Pennsylvania Company may be expected to desire to carry freights past Philadelphia to New York if it can be paid for the additional haul, but to prefer to leave them in Philadelphia, if for the considerable distance from there to New York it will be paid nothing for the transportation. Thus what each city asks, appears to have some tendency to enlist the selfish interests of the railroad companies against it. We mention this among other circumstances affecting the question, without deeming it necessary to remark upon it further.

THE PRINCIPLES THAT SHOULD CONTROL.

It seemed to be taken for granted, in the arguments presented to us, that the existing differentials had not been determined on any principle, but that they were the result of a compromise between the railroad companies, whereby they had purchased peace between themselves. Three different principles, however, were suggested by different parties, as those which should control, and these found advocates in different localities, according as, it was thought, those localities would be favored by their operation respectively. These three principles may be designated respectively: the distance principle, the cost principle and the competitive principle. It is, however, proper to say that those who advocated the first and the second of these principles, generally agreed that the third should not be discarded; but that it had its legitimate place, and must have its legitimate influence also. Brief notice will be taken of these three principles respectively.

THE DISTANCE PRINCIPLE.

It was contended by the commercial representatives of Philadelphia and Baltimore, that freight charges on like classes of freight between the interior and the seaboard cities ought to be proportioned to distance. We understood them to mean by this, that the shortest line from Chicago to each of the Atlantic cities should be taken as the standard for measuring the freight charges between Chicago and that city, and that the charges for all the cities should then be determined

by the mileage. By referring to the accompanying note, it will be seen that if the mileage standard were adopted, the freight charges between New York and Chicago would be about ten per cent. greater than those between Philadelphia and Chicago, and about thirteen per cent. more than those between Baltimore and Chicago. Those between New York and Cincinnati would be about twenty-eight per cent. more than between Philadelphia and Cincinnati, and about thirty-eight per cent. more than between Baltimore and Cincinnati.* According to the average rates on grain and provisions this year, the differentials have only been about six and two-thirds per cent. in favor of Philadelphia, and ten per cent. in favor of Baltimore; and the distance principle would, therefore, on an average, increase them greatly. It was urged that it was by this principle that the several roads, constituting a competing line, are accustomed to apportion their joint charges, and that these very Trunk Lines adopt it in dividing the charges upon through freights with the roads from which they receive the freight, or to which they deliver it. The New York representatives, on the other hand, contended that the distance principle could not with any justice control, for the reason that distance does not measure either the cost or the value of the service; so that if adopted as the standard of charges, it would be an arbitrary standard, and the element of equity in the rates would be disregarded.

If there were between each of the Atlantic cities and the interior towns only a single line of railroad communication, some of the diffi-

*DISTANCES VIA THE SHORTEST RAIL ROUTES TO

	Boston.	New York.	Phila.	Baltimore.
Chicago,	1,009	900	823	802
Burlington, Ia.	1,216	1,106	1,030	995
Cincinnati	927	743	667	576
Columbus, O.	807	623	547	512
Cleveland	671	580	504	483
Detroit	724	673	682	661
Indianapolis	951	810	735	700
Kansas City	1,487	1,324	1,248	1,192
Louisville	1,161	870	794	706
Memphis	1,438	1,247	1,171	1,083
Milwaukee	998	947	908	887
Omaha	1,503	1,393	1,317	1,294
St. Louis	1,212	1,050	973	917
St. Paul	1,418	1,308	1,232	1,211
St. Joseph	1,478	1,356	1,280	1,223
Toledo	784	693	617	596

* Taking Boston as the standard, New York averages twelve per cent. nearer to these towns, Philadelphia eighteen and Baltimore twenty-two per cent. nearer.

Between New York and Chicago the line of the Pennsylvania Railroad is forty-seven miles shorter than that by the Erie and its connections, fifty miles shorter than that by the New York Central and its connections, and one hundred and fourteen miles shorter than that by the Baltimore & Ohio and its connections.

culties in the way of the application of the distance principle, which are now obvious, would be wanting. But, as has been said already, every one of those cities has several lines, and would be content with no less. The supposed distance principle ignores this fact: selecting the shortest line to each city, to the disregard of the rest, and estimating the charges in proportion to its length. It might thus happen that the charges on freights from Chicago to the several seaboard cities, with all their roads taken into the account, would bear no proportion whatever to the distance; and it is certain that as between the roads serving the same city, the supposed principle could not be applied at all, for they, irrespective of distance, must conform to the lowest rates. The distance apportioned would, therefore, not be an apportionment of principle, but only of expediency; and whether expedient or not, must depend somewhat on other considerations, which present themselves in the practical administration of railroad affairs.

It cannot be said, however, that distance is a circumstance without value in the determination of railroad tariffs; it is, on the other hand, one of much importance. Nearness to the producers and consumers of the articles which it handles is a great advantage to any city; and so far as the rivals of New York are possessed of this advantage, they are justified in expecting that it will be recognized. But the value of this advantage is a question that must be determined with many other things taken into the account, and can only be fully solved in the tests of competition. The general fact now is that distance does not determine railroad charges, and that where competition is most active it influences them the least. The distance principle does not, therefore, stand the test of competition, and so far as we can perceive, there is no possibility of establishing it except by subordinating competition altogether to it. But to do this would require an exercise of arbitrary authority which we do not understand those who advocate the distance principle to advise or desire. We must conclude, therefore, that distance cannot supply for us the controlling principle, and that its proper influence upon transportation charges cannot be determined either arbitrarily or as a matter of antecedent computation or estimate.

THE COST PRINCIPLE.

New York parties who rejected the distance principle were inclined to favor the grading of rates by the cost of service; and if this were done, they claimed that the differentials would disappear altogether. Cost of service is here employed as synonymous with the phrase cost of moving freight, which is most commonly used. The latter phrase, however, is used in two very different senses, which it may be im-

portant to distinguish in order to avoid misconception. Railroad companies use the phrase for their own purposes when making reports to their stockholders or for the public under the requirements of State laws. In such reports cost of moving freight will be understood to be the actual outlay by the railroad company in moving its freight over a completed and equipped road. This outlay will embrace the cost of fuel, the compensation to the regular freight agents, to freight solicitors, if any, to the servants employed to handle the freight and govern and move the trains. It must also embrace the necessary expense of keeping good the freight equipment, and it should include a fair proportion of all such expenses of the company as are incurred for the freight and passenger traffic in common, such as repairs of track, taxes, official salaries, legal expenses, office expenses, general advertising, etc. To all these must be added the cost of insurance against losses to freight and freight equipment by casualties of all descriptions, or of making good such losses. If all these items are added together and the sum total is divided by the number of tons of freight moved one mile upon the road, we have as the result the average cost of transporting a ton of freight for one mile of distance.

The report which gives these items will also give others that, as between the railroad company and its patrons, must be understood as constituting a part of the cost of service. If the company owes debts, the interest paid upon these should be included; if it has made dividends to its stockholders, the amount should be included also. Indeed, it is generally conceded that the cost of service should rightfully and equitably be made to include a fair return in interest or dividends on the cost of the railroad investment; though as to what return is fair and reasonable, differences in opinion are held and expressed. But for our present purposes it is sufficient to leave any such differences out of view, and to speak in general terms of the cost principle as that which would measure the railroad charges by the cost of service, and which would make the cost of service embrace the actual outlay of the railroad company as above explained, and a fair return in interest or dividends on the cost of the road and its equipment.

To show that the cost principle would be to the advantage of New York, it became necessary to show that the cost of transporting freight between New York and Chicago was or ought to be less than the cost between Philadelphia and Chicago, or Baltimore and Chicago, or at least that it was not greater. But upon this point, unfortunately, the information that was produced before us did not appear to be very precise or very accurate. The expressions of opinion were indeed clear and strong, but they were generally supported by argument and in-

ference rather than by evidence. Our attention was not directed to official reports or figures, where or by which the actual cost was set forth, but rather to the topographical features of the country between New York and the head of Lake Michigan, which it was said offered admirable facilities for the construction of railroads, which would be economical in original outlay, and economical also in their operation. No such economical road, it was said, had been or could be constructed further to the south, and the unfavorable gradients and curvatures on the Pennsylvania and the Baltimore & Ohio roads more than deprive them of all the advantages which they possess in shorter distance. It was also urged that another important circumstance should be taken into the account when the cost is being estimated. By far the larger portion of all the freight carried by the Trunk Lines is eastward bound. When cost is considered the probability of return freights must be taken into the account, since to whatever extent the cars which convey freight to the seaboard must be returned without loading, the cost of the return must be reckoned as part of the cost of transporting the east-bound freight. And it was confidently asserted than the probability of obtaining remunerative return freights was much greater at New York than elsewhere on the Atlantic coast.

To make out the case of more favorable lines and gradients between Chicago and New York, the route is required, after it leaves the shore of Lake Erie, to follow substantially the course of the Erie Canal to the Hudson, and thence down that river. By that route a road has been constructed with few unfavorable grades and curves, and this road no doubt is or can be operated with much greater economy than would be possible if its line were through a mountainous region. But if we take this as the route for freight transportation between New York and the interior, and compare it with the routes to Philadelphia and Baltimore over the roads which carry most freights to those cities respectively, we commit the mistake of directing our attention exclusively to the one road which possesses this favorable line, and ignoring altogether the fact that New York has other roads which it is desirable for its interest should live and prosper, and that over each of them the active and energetic merchants and manufacturers of that city are seeking the business of the interior and inviting its custom. Every one of those roads brings to New York a large amount of trade which would not be obtained without its facilities: and it seems certain that New York cannot afford to ignore any one road, any more when it is settling its grievances with rivals than when estimating advantages over them. If, therefore, it be demonstrated that the New York Central and its connecting roads can transport western products from the interior to

New York as cheaply as the more southern roads can move them to Baltimore or Philadelphia, it may not follow that the interests of New York would be subserved by the adoption of the cost principle and the bringing of the charges on freight transportation to and from New York to the test of what the Central could afford. Prudence would require that at least the probable consequences should be considered; and if among these consequences should be the possibility of some other line to New York being found unable to endure the test of the cost principle, this of itself ought to raise some doubt whether the city of New York could be interested in establishing it. Now, the very claim that is made in behalf of the New York Central route, as one of remarkable economy, assumes that the Pennsylvania route is less economical; and the assertion that the Central can carry from Chicago to New York as cheaply as the Pennsylvania can carry from Chicago to Philadelphia, contains within it—since the less is contained in the greater—that the Central can carry from Chicago to New York cheaper than the Pennsylvania, which only reaches New York by carrying past Philadelphia, can possibly do. The application of the cost principle, if made under such circumstances, must force the Pennsylvania to this alternative: that it must carry at rates which will not give to the company a fair return in profits, or it must give up competition for New York business; and the Erie, whose line is also assumed to be less favorable than that of the Central, might be compelled to face the same alternative. It probably would not be contended that either the Grand Trunk or the Baltimore & Ohio, whose lines to New York, through connecting roads, are so much longer than those of the Pennsylvania, could compete at all for New York business under a strict application of the cost principle. The natural tendency of its application would, therefore, be in the direction of throwing upon one of the existing lines to New York the bulk of the New York business, to the destruction of the others, and to the final destruction of competition. It is not to be assumed that this is what New York desires. Every great city finds it conducive to its prosperity to secure as many of these avenues of trade and travel as possible; and it is certainly not more important to gain a new line than to preserve one already in existence, and already equipped with all those powers of usefulness which a new project can only promise at some time in the future. If, therefore, the cost principle were to be adopted for regulating the charges as between the competing cities, it would seem that New York ought to bring into the calculation not one road only, and that the one most economical in construction and operation, but all the roads which contribute to its prosperity, and which it desires to retain.

At Philadelphia and Baltimore it is asserted with great confidence that over no one of the New York roads can freights be conveyed as cheaply, from Chicago to New York, as they can be over the Pennsylvania and the Baltimore & Ohio roads to Philadelphia and Baltimore respectively. For this confidence certain facts are stated which are supposed to be sufficient to produce the result, and official reports are cited as evidence that the result has followed. The favorable lines of the New York Central, and its affiliated roads, are admitted; but it is contended that all the advantage of these is more than neutralized by greater distance and the greater cost of fuel to the New York roads over those to the south of them. The Pennsylvania and the Baltimore & Ohio roads find the coal, which represents their motive power, in beds at various points on their lines, and can take it up for use at little more than the cost of handling; while the New York roads, on the other hand, and especially the Central, must transport the coal for a long distance at a cost two or three times as great. This cost constitutes a very considerable part of the total expense of moving freight, and it cannot be overlooked or treated as of little moment.

The official figures to which attention was called to show the greater cost on the New York lines are to be found in the reports of the New York Central, the Erie and the Pennsylvania, made by the directors to the stockholders, to show the operation of the roads for the years 1880 and 1881. In those reports estimates are made of the cost to the companies respectively of moving one ton of freight for one mile of distance, omitting from the calculation the items of interest and profits. The reports, as will be seen on referring to the note in the margin, make a very unfavorable showing for New York;* and if the figures told the whole story, and if we could be assured that they were made by each company on the same basis, they would go very far toward justifying the other cities in the claims they make. But, unfortunately, these reports are, for our purpose, of little value. They cover too much in some respects, and too little in others, to give us the information we need. 1. The Trunk Line companies report the cost over their own roads only, and do not include the cost over the feeder roads; but what we need to know is the cost of transportation over the whole line from western points to the seaboard. 2. The companies in their reports do not discriminate between the cost of transporting local freight

*Cost of moving freight per ton for one mile of distance:

On the New York Central,	1880, 5.41 mills.	1881, 5.62 mills.
On the Erie,	" 5.34 "	" 5.29 "
On the Pennsylvania,	" 4.74 "	" 4.37 "

No corresponding figures are given in the reports of the Baltimore & Ohio R. R. Co.

and through freight, but endeavor only to give the average cost of moving both. But here the reports embrace too much for our purposes, for on this inquiry we are interested only in the cost of moving through freight. If the freights over all the roads were similar in kind, and if the proportion of through freight to way freight were nearly the same on all, the report of average cost might be accepted as indicating the proportionate cost to each road of its through freights. But we must take notice of the fact, which is matter of common knowledge, that the character of local freight is exceedingly diverse on the different roads, and that the cost of handling is far from being uniform. If one company, for example, handles coal in large quantities as way freight, loading a train completely at one station, and moving it to another for complete unloading, the cost of such business would furnish very unsafe and unreliable means of comparison with that of the local freight of miscellaneous articles, which another road might pick up in small quantities at many way stations, and deliver at as many more. But these railroad companies, unfortunately, have as yet agreed upon no uniform method of keeping accounts, whereby they may determine, by the same standards, the actual outlay of the roads in moving their freights. It would seem that there ought to be no differences in this particular; but the official reports sometimes disclose on examination that the diversities are very considerable, and are not infrequently met with in the accounts of the same company. One company, for example, when it is able to make such betterments as station houses, warehouses and side tracks from its current receipts without increasing its indebtedness, may charge the cost to operating expenses, while another under similar circumstances would charge them to construction account, and still another would include them in operating expenses for the time being, and at the end of several years perhaps transfer them to construction account for the purposes of a new issue of stock. Evidences of these different methods of procedure appeared in reports of different companies, which were made use of for their information or for the purposes of illustration before us. It is no doubt undesirable that there should be this diversity in practice; but while it exists it is necessary to take notice of it. If concert of action among railroad managers could bring about a uniform system of accounts, so that the official reports based upon them, which are made periodically for the information of shareholders, might give valuable and reliable information and means of accurate comparison to the public as well, the change in methods would be likely to prevent many misconceptions and misconstructions of corporate action which now

arise in the public mind, and which lead to both public and corporate annoyances.

For all the reasons assigned, we are without reliable information by which to apply the cost principle in the regulation of charges of transportation between the Atlantic cities and the interior, and we cannot say that the application would be to the advantage of New York. *Prima facie* the case seems to be against New York, especially when the Pennsylvania Railroad, which constitutes one of its most important lines, is taken into the account. It is very manifest that that railroad can leave freights at Philadelphia more cheaply than it can transport them the additional eighty-seven miles to New York, and probably it can deliver them for still less at Baltimore, since the unfavorable grades of the road, to which much importance was attached in the New York arguments, are all passed before Harrisburg is reached, and from that point the line made use of by the Pennsylvania to reach Baltimore, is shorter than the line to Philadelphia.

The favorable influence which the concentration of foreign commerce at New York ought to have upon railroad rates between that city and the interior, may perhaps be something, for freight tariffs ought to be, and will be, arranged with regard to the probability of compensating freights in both directions. When a railroad company can have freights in one direction only, and must return its cars empty, it must necessarily make the freights pay for the cost of the return. In the eastern and western transportation we have an illustration of this state of things. It is matter of familiar knowledge, that much the largest proportion of freight is eastward bound, and that large numbers of unloaded cars are constantly being sent west over all the roads. If the course of trade were such, that any one of the Atlantic cities sent out by rail as much freight as it received, its advantage over the others would be obviously very great. Railroad companies could afford to make much better rates upon all freights bound to the city from which they were certain of compensating return loads. It is proper, therefore, that railroad companies should take into consideration the condition of things in this regard, and every participant in foreign commerce has a right to expect that this will be done. We have therefore directed our own attention to the differences in the freights received and those sent out by the four leading Atlantic seaboard cities over the four American Trunk Lines, and have given in a marginal note the aggregates for the year 1880, which will be sufficient for the purposes of approximate comparison.* The table shows

*Freight Tonnage by the four American Trunk Line roads for the year 1880:

	Received.	Sent.
New York	4,266,830	1,022,612
Boston	913,887	309,232

that the proportion of freight sent out from New York over these roads, when compared with that which is received from them, is considerably greater than the proportion at either Baltimore or Philadelphia, but it is nevertheless only as one to four and a quarter, and it is manifest that not only must a large proportion of all the cars which go loaded to New York return without loads, but that a much more considerable number must so return from New York than from either of the other cities.

While, therefore, New York has an advantage over its rivals, in the larger proportion of westbound to eastbound freight, the advantage, if estimated by the bulk, is not very great. And it must be borne in mind that these four cities do not by any means furnish to the roads all their westbound freight, but that they take large quantities from other towns along their line. It may be that New York westbound freights average highest in the freight tariffs, but even then the relative advantage of New York will probably be less considerable than some of its advocates have supposed. And on a careful examination of all the arguments advanced at New York, we are not satisfied that a strict application of the cost principle, if it should be found susceptible of application, would be likely to benefit the trade of that city in its rivalry with the other Atlantic cities.

But if the exact cost of transporting freight by rail were attainable, could it be made the standard whereby to measure the charges as between competing cities? We do not consider now what might be just and right as between a railroad company and its patrons if the case of any railroad company could be taken up and considered by itself apart from all others, but of what is practicable in view of existing facts. If the cost principle could be applied, we do not see how the railroad companies of the country could justly complain of it. If they could all receive for the transportation service the cost of the service, as above explained, they would benefit their average condition very greatly by accepting it, for they are not now receiving on an average anything near the average legal interest of the country on the cost of their investments.* Many of the companies—perhaps the majority of

Philadelphia	1,553,381	299,474
Baltimore	1,559,251	241,600

As the business with the Grand Trunk of Canada is not covered by this statement it will be readily understood that the statement is not so favorable to Boston as it should be, as its business with the Grand Trunk is very large.

*In Poor's Manual the aggregate cost of the railroads of this country and their equipment to 1881, is given at $4,653,609,297. The railroad companies paid in 1880 in dividends, $77,115,410; and for interest on bonded debt, $107,866,328. To 1882 the cost was $5,577,996,931. There was paid in 1881 in dividends, $93,344,200, and for interest $128,587,302. It will be seen that the dividends and interest together

them—in order to realize cost would be compelled to increase their charges very considerably, while others, including perhaps some of these Trunk Lines, might be called upon for a reduction. The general result would be, not a diminution of charges, but an increase; and it is hardly probable that the country at large would be satisfied with the change, though it might affect particular localities favorably. Moreover, we are to consider that the question of the application of the cost standard to railroad charges arises for discussion and settlement after cities have been built, routes established, canals made and railroads constructed; and that the solution of the question may affect all these beneficially or otherwise to an extent that is beyond present calculation. We have not an unsettled country before us to plan and make laws for, whose people when they select their homes and places of business can calculate the result of existing rules and regulations upon the towns they build, or the industries they establish; but the towns already exist, and have been created at immense cost in view of advantages which were supposed to make them attractive and desirable as locations for trade and commerce; and their existing importance as the homes of great numbers of people, and as the centres of vast manufactures and immense exchanges, gives them claims upon the country and upon those who have in any degree the material interests of the country in charge, and gives them powers of defence also when assailed in the rivalry of business which are not to be overlooked or lightly regarded.

These several towns, it is true, came into existence under circumstances which may be different from those which now surround them; and in view of advantages, which in many cases have been rendered comparatively unimportant by subsequent improvements and inventions—as canal and river navigation in many parts of the country has been rendered unimportant by the invention of the locomotive and the iron road—but the towns themselves, their people and their business, remain as great and sturdy facts, which neither the country can overlook, nor the government of the country, nor any of its public agencies. The continued existence of these towns is to be assumed, and their welfare is to be calculated for when laws are made, or regulations having the effect of laws are established. It would be as inadmissible and as unjust deliberately to plan and arrange for the gradual destruction of a great city through the slow but certain annihilation of its business, as it would be to bring destruction upon it by fire or pestilence; and

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are about four per cent. on the cost of the roads and equipment; the dividends being much the smaller part. No doubt there is much ''watered'' stock, and a large allowance may be made therefor, without affecting the accuracy of the statement in the text.

we are not to contemplate with complacency an offence of that nature against organized society. While it is not the province of government to build up cities for its people, it is its plain duty to permit the cities the people built to live; and it should so shape its own action as to allow every town, as far as possible and reasonable, to avail itself of all its natural and acquired advantages in adding to the prosperity, happiness and comfort of the local community. This seems too plain and indisputable a proposition to be contested by any official authority or public agency.

In a certain sense railroad companies are public agencies, and in some degree they exercise powers which are *quasi* governmental. They make regulations for their business to which the general public are expected to conform; and these regulations are, in some respects, as important as the police laws established by the State itself. Among these are the regulations respecting charges for railroad service. According as these are heavy or light upon the traffic of a particular locality, its trade is likely to decline or prosper, and so dependent is commerce upon railroads that the growth of a town is likely to bear some proportion to the extent of its railroad facilities, and the liberality with which it is treated by railroad managers.

We should consider then what might be the effect of a strict application of the cost principle as between the competing Atlantic cities, say, for illustration, the cities of Baltimore and New York. Baltimore is now a large and prosperous city; it is the chief business centre of a territory larger than any one of the States, and millions of people find their business favored, and their prosperity and comforts enhanced by its existence. One of the most costly roads of the country, with extensive connections and feeders, has been created with almost exclusive regard to Baltimore business; and the road will prosper if the city prospers, and lose its importance if the city decays. A great number of private individuals and public and private corporations are interested in the stock and indebtedness of this railroad company, and would be subjected to embarrassment or suffering if it were to be forced into bankruptcy. For all these reasons the welfare of Baltimore is a matter of national importance, and it is so connected with the trade of the interior that its existence modifies beneficially all the markets. But its relations to the foreign trade are also such as to render it important to the whole civilized world.

But New York has some most decided advantages over Baltimore, of which its people have availed themselves with great ability and energy. The growth of that city has not been checked by the marvelous prosperity of other towns, and its relative superiority in both for-

eign and domestic commerce has been substantially maintained. Though Baltimore is much nearer the grain fields of the West, New York still draws to itself much the larger share of the harvests, and it has done this in spite of the fact that, with temporary and unimportant exceptions, the differential rates have at all times been largely against that city. Suppose now that under an application of the cost principle the differentials could be abrogated; what would be the effect upon Baltimore? Would it deprive that city of the share in the trade of the country, which its location, its great expenditures and the skill and enterprise of its people have hitherto secured for it? Would it check the growth of the city, sap its prosperity, and bring ruin upon those everywhere whose business arrangements and investments have been made with a view exclusively or mainly to the trade of that city? And if so, would the result be one that the country could contemplate with satisfaction as the just result of the proper application of a sound principle, and that those having influence in railroad affairs could justly and properly plan for, labor for and shape their tariffs to accomplish?

On the other hand, suppose the strict application of the cost principle should be found to require that the differentials against New York should be doubled; would it be admissible to double them irrespective of all consequences to the trade and prosperity of that city? That these consequences might prove disastrous if the principle could be upheld and enforced, seems certain, for it would give advantages to the town most favorably located for cheap commercial intercourse for which the others could have no compensation. But this very fact—if there were no other impediment—would render the application of the principle impossible. A great city possesses great powers of self-protection, and it must exercise them to the fullest extent when the need comes. Great railroad corporations cannot, in their rivalry with each other, accept principles of action which must necessarily impoverish them. If the Baltimore & Ohio Railroad would lose its business under the application of the cost principle as between it and the roads north of it, it must accept less returns upon its business, and it must continue the struggle even though no more than operating expenses be realized, rather than submit to destruction without an effort at self-preservation. This or something like it must be the inevitable result; for neither cities nor transportation companies can or will accept a principle which it can be seen in advance must build up some on the ruin of the others.

But when it comes to applying the cost principle to the several lines which serve the same city, it is at once perceived that the difficulties

are insurmountable. The application must of course be made on estimates of probable results, and the estimates will have in view a percentage of profits which it is expected or hoped will be realized. But with four or more lines of very different length competing for the same business, it is evident that cost must have, when applied to their business, very different meanings. If the shortest and cheapest line makes its charges on a calculation of say ten per cent. profit, the longest and most expensive must conform to the charges, even though they be such as will insure no profit at all. One company may then carry at a cost which includes ten per cent. profit, another at a cost which includes say two per cent. profit, while a third barely pays its operating expenses and repairs, but still obtains the cost of moving the freight. Competiton obliges the companies to take what they can get, and to satisfy the demands upon them from it; but when the cost standard is so uncertain and elastic that it may include profits when they can be earned, and must exclude them when they cannot be, it is evident that it cannot be a standard of general or just application. It is impossible that anything can be a governing principle, which, in the nature of things, cannot have the same meaning to the several parties who are to be affected by its application.

That the cost to the roads themselves of moving their freights, irrespective of profits to shareholders, has much to do in determining the charges, is we think, unquestionable. It certainly must have influence so long as competition between lines exists, for the most economical line may fix rates on a consideration of what its favorable circumstances will enable it to endure, and all others must accept them whether they prove satisfactory or otherwise. One cheap line may thus give to a town the benefits of cheap transportation, not as an application of the cost principle, but because its favorable circumstances enable it to do so consistent with its own interests.

The idea was not put forward in any of the arguments that the application of the cost principle could be made universal, and that every railroad company should apply it in its own business as between the different kinds and classes of freight. The difficulty in doing this as a mere matter of accounting would be very serious; but there would be other difficulties which would be more important to the general public. The chief of these would be this that very many articles would not bear transportation for the very considerable distances for which they are now carried, if the charges upon them were graded strictly by the cost. If their bulk or weight is large in proportion to their value, they must be carried cheaply or they cannot be carried at all; and freights are therefore classified in the tariffs so that the lighter,

but more valuable, articles are made to bear a burden out of proportion to the cost of carriage, in order that the roads which carry them may be enabled at the same time to serve the public in the exchange of articles and products whose value will not admit of like charges. Some discriminations of this sort are essential to enable railroads to answer the expectations and meet the needs of the public. It must often happen, also, that where two or more roads are competing for a particular business, one of them must carry what it gets of it without profit, and must find its profit elsewhere. If the competition under such circumstances leads to the road carrying one kind of traffic at a loss, which is made up by an increase of burdens on the remainder, a wrong is done of which complaint may justly be made; but there is no inherent wrong to any one in a road conveying without profit, but also without loss, a business which it must accept on those terms or decline altogether.

THE PRINCIPLE OF COMPETITION.

If neither distance nor cost gives us the governing principle, we must next see whether we are to find it in competition. In nearly every other kind of business the competition of those engaged in it is the great regulator of charges, and the operation of natural and familiar laws of trade prevents extortion and brings about substantial uniformity. Will competition do this in the business of transporting property by rail? If so, is not the competitive principle the true principle? And will not the competitive principle make cost and distance elements in the determination of rates, and allow to each its just value, according to the circumstances?

We should be glad to feel able to give to these questions an unhesitating answer in the affirmative. We have found, however, in the course of our investigations, that a species of competition has prevailed from time to time which has brought satisfaction to few persons, if any, and which has resulted in inequalities and disorders greatly detrimental to trade. Such competition exists when the railroad companies, or those who are permitted to solicit business and to make contracts on their behalf, set out with the determination to withdraw freights from their rivals, and secure them for themselves, at all hazards, and regardless of gain or loss; and when acting upon this determination they throw to the winds all settled rates, and in the desperate strife for business offer any inducement in their power which will secure it. The country not long since had experience of such a season, and everywhere we listened to complaints of the injury which legitimate business suffered from it. It was said by parties interested in transportation that

the inauguration of such a strife put an end for the time to all possibility of calculating from day to day what would be the cost of carriage, and what could be safely paid or wisely accepted for grain, provisions, or other articles, destined to another market by rail. The control of railroad rates, and, to a large extent, of all railroad business, then passed out of the hands of the legitimate and regular corporate managers into the hands of solicitors for fast freight lines and other agents, who made from day to day, and from hour to hour, such terms with those having business as would secure it, but generally made secret terms—that the bargain with one man might not prevent their driving a better bargain with another, as they might find opportunity. Under such circumstances persons were favored and localities were favored, when the object to be immediately accomplished seemed to require it—regardless of the just maxims of legitimate business, and of the rules of the common law, which enjoin upon common carriers that they shall deal with all customers upon principles of equity and relative fairness. Legitimate business, it was said, necessarily passes into an unsettled and speculative state while this condition of things exists; safe and close calculations are impossible; transportation becomes cheap, but neither producer nor consumer is certain to reap the profit, for the middleman cannot calculate upon steadiness in low rates, and as he takes the risk of their being raised upon him, so he is in the best position to appropriate the benefit while they continue. Meantime, railroad profits disappear, and dividends cease to be paid, to the great distress of thousands who rely upon them for their living; and every interest, in any degree dependent on railroad prosperity, must participate in the depression and disaster which accompanies the ownership of railroad shares.

The mere statement of these results is sufficient to show that this is not what in other business is known and designated as competition. Competition is the life of trade, but this is its destruction; competition brings health and vigor, and secures equality and fairness, but this paralyzes strength, and makes contracts a matter of secrecy and double dealing. In competition, the sound dealer, operating upon his own capital and upon well established credit, has the best chance of success; but in the sort of competition we have mentioned, it is found that the bankrupt corporation has the advantage, for its managers, having nothing to lose, may offer rates which solvent roads cannot meet without being dragged into bankruptcy with them. Railroad managers do not concede that this state of things is properly designated competition, but they speak of it as an unnatural condition of railroad hostility; as unreasoning railroad warfare; as competitive strife, rather

than competition. It is a state of things that, like a war between nations, from its very destructiveness, cannot be a normal condition, but must speedily terminate in peace or in disaster. It has usually been terminated by some common understanding between railroad managers upon a tariff of rates.

But this common understanding, it is urged, in some quarters, eliminates competition from the sphere of railroad business, and we escape the evils of competitive strife by embracing those of monopoly. This is denied by railroad managers, who insist that understandings respecting the reasonable management of their business are not only entirely consistent with competition, but that they are the only means whereby the excessive competition at some points can be prevented from operating oppressively at others. It is no doubt true that competition tends to produce some great inequalities, and that care ought to be taken to prevent this. It should never be forgotten that the transportation of property and persons by railroad is not exclusively a private business, but is carried on under franchises granted by the State, which confer upon the owners functions of a semi-public nature, and charge them with certain public duties. The railroad manager, operating under such a franchise, must harmonize the interest of his road with the public duty, and he cannot make self-interest the exclusive guide, as a merchant may, or a farmer. One of the chief of these public duties is to make only reasonable charges, and to regulate and apportion these among the customers of the road, on principles of equity and relative equality. But the operation of competition is perpetually in conflict with this duty; it is felt unequally along railroad lines; it will be active at points where several lines can compete; it will be moderate at others where there is little to excite it, while at still others there can be no competition, because there is but a single road. But the capital of a railroad company is planted on a certain line; it must be made available to its owners there or nowhere; it cannot be removed when found unprofitable, as a merchant may remove his stock of goods; and the tendency of excessive competition is to cast upon the business of non-competing points a cost for transportation which puts them to great relative disadvantage, and in extreme cases may prove ruinous. The local traffic is likely to experience this result most severely, and the more completely any particular line occupies a territory, the more is the local traffic exposed to peril. The New York Central Railroad with no connections west of Buffalo, would be a mere local road, and must find remunerative returns upon all its immense investments from the local business; as a great through line, it is enabled to cast upon through traffic a part of the burden which local traffic must otherwise

bear; but if under the stress of unreasonable and excessive strife for through freights that class of freights is carried at a loss, this loss must either fall upon the corporate shareholders, or it must be cast by the corporation upon the shippers of local freights. It must be assumed that railroad boards will always seek to so arrange their tariffs of rates as to secure a satisfactory net profit; and if a part of the business pays too little, the remainder may be made to pay too much. This is not a beneficial result of competition, or one consistent with the obligations of the railroad companies to the public. No one disputes or doubts that for the general public the business of transportation by rail is in the most desirable state when it is so conducted that the charges for moving property are distributed with relative equality over all the business, so that a moderate profit may be reaped from all, and the support of the road, and profits to its owners, not be exacted wholly or mainly from one portion of the business to the exemption of the remainder. But it is only when it is in that state that railroad companies are complying with their common law obligation as carriers. If they are sacrificing the interests of one class of shippers in the reckless strife to obtain the business of another, it is plain that they cannot be dealing impartially or making charges which are relatively just. And certainly no city can be interested in having the trade which is nearest to it, and which is the trade of the people constituting its best and largest customers, sacrificed to the trade with the people at a distance, who deal with it much less.

It is a fact of which the railroad companies are entitled to the full benefit, that the charges for railroad service have steadily declined, even when the railroads have been so conducted as to avoid competitive strife. Mr. Poor, in his summary of railroad operations for the year 1881, prepared for his Manual, gives some striking figures on the subject of rates, and shows that within a quarter of a century the average charges for the transportation of property on three of the great railroad lines of the country have been reduced more than seventy per cent., and that the reduction has continued to go on until the present day.* Some of the reasons for the reduction are traceable to competi-

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*"The internal commerce of the country, in all its vast magnitude, is a direct creation of our railroads, through the reduction they have effected in the cost of transportation. A good example of their method, and of its results, is afforded by the operations of the New York Central & Hudson River Railroad. In 1855, immediately after its consolidation, this road moved 670,073 tons of freight at a charge of $3,758,320, and at a cost of $1,539,912; the net being $2,215,408. The tons moved one mile equalled 114,827,793; the charge was 3.270 cents; the cost, 1.341 cents; the net, 1.929 cents per ton per mile.

"In 1881 the same road moved 11,591,379 tons of freight at a charge of $20,736,750, and at a cost of $14,913,213; the net being $5,823,537. The number of

tion and some not. The growth of railroad business has kept pace with the reduction of the charges upon transportation, and the two have acted and reacted upon each other as cause and effect. When the merchandise or products of one section of the country, for which there was a demand in another, would not bear transportation at existing rates, the railroads have been compelled to reduce the rates as a necessary condition to obtaining the property for carriage; and the reductions which are made in some cases from necessity are made in others from policy, because it is found that they stimulate industry, build up manufactures, and bring profits to the railroad companies in the great increase of business which is thereby prepared for them. In all these cases the common interest of railroad companies requires that they should yield to any public demand for the reduction of rates so long and so rapidly as they find they can do so with justice to their shareholders; and they have generally found that the net results were such as from a selfish standpoint would fully justify the reductions. Common understandings between railroad companies in many such cases

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tons moved one mile equalled 2,646,814,098; the charge was .780 cents; the cost, .562 cents; the net, .218 cents per ton per mile.

"At the rate of 1855, the charge for moving a ton of wheat from Chicago to New York, a distance of 960 miles, was $31.39; in 1881, $7.51. The actual charge for the latter year for this kind of freight did not probably exceed $4 the ton—the charge for freight in bulk on the long haul being much below the general average. It is certain that each year the railroad charged the freight traffic over it all it would bear. It had to meet a most vigorous competition from every quarter. It had to meet the exigency of the farmers of the extreme West, so that the wheat grower, first on the Mississippi River and then the Missouri, nearly 2,000 miles in the interior, could send, at remunerative rates, his produce to market, foreign as well as domestic. Charges for transportation had to be, as they always must be, in inverse ratio to distance, or a limit would soon be reached beyond which freight, from excessive cost, could not be moved. It is with railroads as with all other kinds of business, the charges and prices must be so graduated as to allow a profit on both sides, and they will always be so graduated. Charges have been reduced to rates that were believed to be impossible a few years ago. In 1872 it cost the New York Central 1.129 cents to move a ton of freight one mile. In 1881 it received only .783 cents for a similar service, or .346 cents less than the cost ten years before. Such is the history of railroad transportation, and such the methods by which the enormous tonnage, and with it the internal commerce of the country, now so colossal in its proportions, has been created. In its reduction of charges the Central Railroad only represents the entire system of the country. The New York, Lake Erie & Western Railroad, in 1855, moved 842,055 tons of freight at a charge of 2.424 cents, and at a cost of 1.155 cents per ton per mile. In 1881 it moved 11,086,823 tons at a charge of .805 cents and at a cost of .529 cents per ton per mile. Had it charged as much per mile in 1881 as it did in 1855, its receipts from freight would have been $47,101,811, in place of $5,473,313, the amount actually received. The Pennsylvania Railroad moved, in 1855, 365,006 tons of freight at a charge of 2.746 cents, and at a cost of 1.662 cents per ton per mile. In 1881 it moved 18,229,365 tons at a charge of .799 cents, and at a cost of .437 cents per ton per mile. Had it charged the same rates in 1881 as it did in 1855, its receipts for the past year would have been $73,195,832, in place of $10,801,089, the amount actually received. The charge in 1881 was .87 cents less than the cost of movement in 1872. The result of reduced charges is seen in the enormous increase of freight and of income—quantity making up for reduced rate of profits."

might tend to equalize and steady the rates, but would be grossly impolitic and unreasonable if they were directed to the maintenance of such freight charges as would operate as a check upon transportation, and thereby reduce their own net revenues.

But there are influences bearing upon the charges for the transportation of property which are beyond the reach of the railroad companies altogether, and which no combination among them can control. The transportation of the products and merchandise which the different sections of the country exchange with each other is only in part in railroad hands, and the carriers by rail are at all times subjected to a competition which is not only active and vigilant, but is possessed of some most important advantages. It will readily be inferred that we allude here to the carriers by water. For the whole distance from Chicago to New York the owners of boats on lake and canal are bidding against the railroads for freights. Much of the time they are offering rates which the railroads cannot meet without loss, and during the season of water carriage they would take away from the railroads nearly all the heavy freights, if it were not that the more rapid transit by rail has some advantages of which shippers find it for their interest in many cases to avail themselves. But even with these advantages the railroads find themselves compelled to make their charges approximate the charges of carriage by water, or the great bulk of heavy freight will inevitably take the water route. Thus the competition by water operates in reduction of railroad tariffs, and no understanding among railroad managers can prevent it. When the Erie Canal is closed for the winter the railroad companies are enabled to advance their charges; but even in the winter they feel the competition of the water route; for excessive charges will not be paid, but grain, flour, provisions and other heavy articles, instead of going forward by rail at what seems to shippers extortionate rates, will be placed in store until the water route is again open. Nor is the competition with the water route felt exclusively by the roads to New York; for unless the seaports to the south afford better markets for western products than is found at New York, which they seldom or never do, the roads leading to them will be cut off from carrying these products if their charges are made to exceed the charges to New York. The favorable influence of the water route upon rates is therefore felt all the way to the Ohio and the Potomac, and the maximum of rates is fixed for all the roads by the roads to New York, with which the water route comes most directly and immediately into competition.

Under the competitive principle, a maximum of rates is thus established, and the railroad companies cannot prevent it, whatever may be

their desire. But distance, cost and many other circumstances may then come in to force still lower rates on the lines to the cities south of New York. If it is found that the roads leading to Baltimore will not obtain a reasonable share in the business without offering better rates than are given to New York, such rates will certainly be offered. They will submit to the rates which give the business to other cities only until the trial proves the prejudicial operation. And when they reduce their charges it will be optional to the New York roads to follow the Baltimore lead, and they may no doubt be relied upon to do so if their interests appear to require it.

But another most important factor in regulating freight charges is the export trade.

The prices of the leading American products, in the carriage of which the railroads compete most actively, are fixed in European markets. These products should net to the producer in the American market the foreign price, less reasonable charges for transportation and handling; and he is interested in having the trade open to the competition of as many buyers, and the transportation to that of as many carriers as possible. Of the Atlantic cities which compete for this trade Baltimore and Philadelphia are nearest to the producer, but New York and Boston are nearest to the foreign market. Much is shipped to each of these cities for home consumption, but the major part of all that they receive is destined to a foreign market. Some of it passes from Western towns on through bills of lading to foreign ports, but the most of it is consigned to the merchants of the Atlantic cities, and is reshipped by them. Except at Boston, it has been found impracticable to distinguish between that intended for home consumption and that for foreign shipment; and, therefore, no discrimination in freight charges is attempted, but all is charged as if destined to a foreign market. But when so treated, the Atlantic cities become merely so many points on so many through routes between the interior of the country and the European ports, and the charges on shipments must regard the whole lines and not parts of them merely. On these several through lines, competing for the same business between the same interior American towns and the foreign ports, the whole charges, if the routes are equally favorable, must be substantially the same, or the one giving the best rates would obtain the business. The question of ocean rates must, therefore, have an important bearing on the inland rates; for if the ocean rates are greater from Baltimore to foreign ports than from New York to the same ports, the inland rates to Baltimore must necessarily be lower, or Baltimore will be excluded from the trade. Turning our attention, then, to the ocean freights, we find that during the year

1881, from Baltimore to Liverpool by steam and sail, they averaged nearly three cents per hundred pounds greater than from New York, and from Philadelphia nearly two cents greater. This is not conclusive of what they might be in another year, but it is indicative of a general condition of things. Besides this advantage in the ocean freights the New York route has a further advantage in the somewhat greater expedition. If, therefore, the railroads to Baltimore and Philadelphia were to charge for the inland carriage the same that is charged to New York, they must do so with the certain result of losing their present participation in the export trade. They must, therefore, of necessity, make their average inland rates at least as much lower than the inland rates to New York as will offset the differences in the ocean freights. This follows under the sway of competition from the same necessity which forces upon two merchants trading side by side in the same articles a concurrence in the same prices. Attempts by agreement or otherwise to counteract this law of competition would be of little avail, and of no avail whatever for any great length of time. All the leading articles of eastern bound freight would be affected by this principle, and this would be so large a proportion of the whole as to govern the charges on all.

The differentials then appear to us to find their reason in competitive forces. A brief reference to their history will show that compact has not succeeded in controlling them. In 1869 there was an agreed difference in favor of Baltimore in the rates for the transportation of grain, of ten cents per hundred pounds. But the effort to sustain this difference led to a war of rates, as a result of which it was reduced one-half. This lesser difference was maintained until 1876, when an agreement was entered into by the Trunk Line roads which based the rates on relative distances. But at the end of a month and a half the New York roads withdrew from this agreement, being satisfied that its operation was prejudicial to their interests. Then followed another war of rates, ending after a long struggle in the differentials now existing. The war of rates of 1880 was entered into to get rid of them, but it proved ineffectual, as before stated. They appear, therefore, to abide the tests of competition, and they have come, as prices generally do, under the exigencies of trade.

But it is, of course, possible that differentials may be just at one time and unjust at another; and it is insisted on behalf of New York that, whatever may have been the case heretofore, the existing differentials are no longer just to that city, and are no longer such as would result from a competition not hampered and restrained by railroad combinations. For evidence of the injustice, we are referred to statistics,

which show that the growth of Baltimore and Philadelphia trade, especially in grain and provisions, has in late years gained rapidly on that of New York. This, it is said, is proof that the differentials operate against New York interests, and the New York roads ought to abolish them by reducing their own rates until they conform to the rates on the lines leading to Baltimore and Philadelphia. This, it is insisted, is what fair competition requires.

It might, perhaps, be a sufficient answer to this demand, that the attempts heretofore made to force equality of charges, though long persisted in, with no small loss to the participants, proved unavailing. But passing that fact without further remark, we direct our attention to the evidences that New York has suffered from the differentials. These we have not found of much weight. It is certainly true that Baltimore and Philadelphia have now a larger share in the grain and provision traffic than they had fifteen years ago; but it remains to connect the fact with the existence of the differentials. For a long time New York nearly monopolized that trade; but the reasons were obvious in its better channels of communication with the interior, and its greater preparations to accommodate it. When Baltimore and Philadelphia had extended their railroad systems, so as to compete for the trade, and had provided elevators and other conveniences, they immediately took a share in the business; not because of the differentials, but because they were then prepared for it. But no evidences were produced before us that the Philadelphia and Baltimore business, to which the differentials are applicable, is now increasing more rapidly in proportion than that of New York, or that the growth of New York business is to any extent checked by them. On the contrary, there is abundant evidence that New York is fully maintaining its present lead, and that its trade is enjoying a growth so healthy and vigorous, that its commercial classes can well afford to regard, without envy or regret, the prosperity of other places, and may well concede to them, without repining, all the advantages which have come to them as a result of competitive efforts. The accompanying note will show the relative proportion of the total receipts of grain and flour at the four Atlantic ports which was received at each, and it will appear from the figures, that New York, during the last eighteen months, has gained on the others.* How far ephemeral causes have contributed to this gain

	1878.	1879.	1880.	1881.	6 mo. 1882.
*New York	56.	52.6	53.5	56.5	62.9
Boston	10.	10.6	11.7	14.3	16.8
Philadelphia	16.7	15.3	15.6	11.7	11.6
Baltimore	17.3	21.5	19.2	17.5	8.7
	100.	100.	100.	100.	100.

we cannot know, but it is manifest that the evidence that New York suffers from the differentials does not yet appear.

As the interior is interested in the subject of differential rates, and as the sharpest competition in freights is encountered there, so that its commercial classes are in favorable position to judge of the forces affecting them, it has seemed to us no weak evidence of the justice and necessity of the differentials that the preponderating sentiment in the interior was strong and decided that the differentials were just. There was, indeed, some dissent, but this was the prevailing view.

In our discussion thus far, we have had but little to say of the case of Boston, or of the westward bound freights. As to the latter, some of the considerations above mentioned would not apply, but the differences are not sufficient, as we think, to relieve New York westward bound freights from the differentials. We were not invited by the commercial organizations of Boston to visit that city, and we refrained for that reason from doing so. We have reason to suppose that the seeming want of interest in Boston in the subject referred to us was due to the fact, that no one seemed disposed to make any controversy in respect to the rates to that city. Boston claims the same rates with New York on the export trade, and the other cities do not appear inclined to contest the claim. This makes the charges less on foreign bound freights than upon those delivered in Boston and other New England towns for home consumption; and to that extent works an apparent injustice. If the low charges on foreign bound goods have the effect to increase the charges on freights for home consumption, it is an injustice in fact; but if not, and the Boston roads consent to carry at the low rates as a necessary condition to participation in the foreign trade, the other cities cannot well contest their right to do so. As the ocean freights from Boston correspond very closely to those from New York, the principle already stated is applicable; and we have no occasion to consider the case of Boston separately.

CONCLUSION.

It only remains for us to state that no evidence has been offered before us that the existing differentials are unjust, or that they operate to the prejudice of either of the Atlantic seaport cities. Differential rates have come into existence under the operation of competitive forces; they bear some relation to relative distance and relative cost of service; they recognize as we think the relative advantages of the several seaports; and they are subordinate to the great principle which compels the carriers of property competing between the same points and offering equal facilities to their customers, to make the same rates. We therefore cannot advise their being disturbed.

But we do not assume that the rates which are just to-day will be just indefinitely. They have become established by the force of circumstances, and they ought to give way if future circumstances shall be such as to render it right and proper. They constitute a temporary arrangement only; equitable, as we think, for the present, but which may become inequitable before the lapse of any considerable time. Whenever they shall be found to operate unfairly, and to give a force or unnatural direction to trade, and whenever it shall appear that they tend to deprive any one of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear, and it will be right to modify, or, perhaps, abolish them.

Railroad problems assume such different phases from year to year, and almost from day to day, that those who have authority in railroad matters may justly be expected and required to give their earnest attention and best efforts to making their franchises accomplish the great ends of equal, fair, prompt and beneficial accommodation which was intended in their grant. And those ends they should have in view in determining upon the continued existence of differential rates. Their observation of the general course of traffic from day to day and from month to month ought to enable them to determine whether the differentials are too large or too small; whether they are influencing trade unfairly and unnaturally; and whether they operate as an improper restraint upon competition; and when the improper effect is discovered, they ought to correct the wrong without hesitation or delay. To enable them to judge fairly and with full understanding, accurate statistics of their business should be kept by each of them, and submitted to the others or kept in some common office; and these statistics ought to be periodically given to the public also. Publicity is a great corrector of imaginary evils, and may be an important preventive of evils, both imaginary and real.

We do not assume or believe that there exists in railroad official circles any legitimate authority to determine the question of rates arbitrarily. Large powers of self-government have, undoubtedly, been left by the law in railroad managers, but all their authority is qualified by duty to the public; and it cannot be too often or too pointedly asserted that the obligation on their part to serve the public with relative fairness is of perpetual force. In their future dealings with the important question which has been the occasion for our coming together, the great Trunk Lines should be particularly careful to give no occasion for just complaint, that they subject any one of the seaboard cities to the operation of arbitrary or unfair regulations or charges,

or that they fail to observe towards any one of them, or towards the people trading or desiring to trade with them, the mandate of the common law—to deal justly and distribute fairly the benefits and burdens which are incident to their occupation.

Allen G. Thurman,
E. B. Washburne,
Thomas M. Cooley.

New York, July 20, 1882.

IN THE MATTER OF THE EXPORT TRADE OF BOSTON.

1 I. C. C. 24.

IN THE MATTER OF THE EXPORT TRADE OF BOSTON.

Decided April 23, 1887.

(1 I. C. C. 24.)

1. It seems not to be illegal for railroad companies connecting Boston with western points to make the rates from such points to Boston upon grain and provisions for export as low as the rates to New York, although the rates upon like property for local consumption are higher to Boston than to New York, the distance being somewhat greater.

2. Reasons given why this may be a necessity of the situation.

REPORT OF THE COMMISSION.

COOLEY, *Chairman:*

Several petitions regarding this trade are before us: One from the Fitchburg Railroad Company, and others from the Boston and Lowell, the New York and New England, the Central Vermont line, and the Boston and Albany railroad companies. All seek the same relief, and upon a state of facts, which may be summarized as follows:

For many years it has been the practice of the railroad companies connecting Boston with western points, to make the rates from such points to Boston, upon grain and provisions for export, as low as the rates to New York, although the rates upon property for local consumption have during the same time been higher to Boston than to New York, the distance being somewhat greater. The rates to the seaboard and abroad, it was shown, are in effect determined by the shortest line from the interior, which for this purpose is the Pennsylvania line; the other lines conforming substantially to those rates as a security to participation in the traffic.

The equalization of rates upon the export business has sometimes been made by way-billing to Boston at New York rates, but as this is not always practicable it has more commonly been made by paying a rebate equal to the difference between Boston and New York rates.

Making the allowance in some form has been essential to the existence of the trade, since the ocean rates from Boston and New York are not materially different, and higher interior rates would exclude Boston altogether from participation in the foreign trade.

[25] The practice which allows the rebate has, therefore, been adopted in a spirit of fairness to Boston and as a convenient method

for equalizing the rates from western points to the foreign market, whether the route chosen by the shipper for his traffic be by way of Boston or of New York.

The petition of the Fitchburg Railroad Company states that "the New England railroads have been advised by the unanimous opinion of the counsel consulted by them that this practice was not illegal under the interstate commerce bill inasmuch as the terms are available for all engaged in the like and contemporaneous transportation of such traffic under similar circumstances and conditions, and being equal to those by New York are neither unjust nor unreasonable. This commercial usage has in fact been looked upon as a vested right of this port (Boston) and upon the faith of its continuance vast sums have been expended to accommodate and permanently continue the export business. Unfortunately, however, adverse legal opinions have apparently been rendered by the advisers of the trunk lines, whose action, guided thereby, has practically stopped the practice, and has seriously embarassed the Boston export business, and threatens to put a stop to it, to the great detriment of this road and the business interests of Boston."

The prayer of the petition is that the Commission "authorize the trunk lines to bill export freight to Boston at New York rates, or take such other action as may seem best in order that this business may be continued upon as fair and favorable a basis as it has been done hitherto."

The other petitions are not essentially different. A hearing was had upon all together and evidence was taken in support of their allegations of fact. A party interested in the local grain and provision trade of Boston was also heard in favor of the contention that any concessions made in favor of the export trade of Boston ought in fairness to be extended to all other persons to whom grain and provisions may be consigned at that city from interior markets.

It was shown on the hearing that the Boston export trade was for the time being under considerable embarrassment arising from a doubt whether the railroad companies might [26] lawfully continue the rebate which has been heretofore allowed. It was not so evident, however, that the Commission had the power to give relief. Indeed the petitioners when called upon to point out the provision of the interstate commerce law under which the Commission had authority to grant the relief prayed, frankly confessed that there was difficulty in doing so. It was stated, however, that there were times when the rebate exceeded the ocean rates, and that then a suspension of the operation of the fourth section of the act would be necessary, since other-

wise the railroad companies would be liable to penalties for charging and receiving a greater sum for the transportation of grain and provisions from western points to Boston than from the same western points through Boston to the foreign market. But a case of this sort, it was conceded, would be quite exceptional, so that a suspension of the long and short haul clause of section four would not alone give the relief required.

What the companies desire is authority to continue payment of the rebate as well when it falls short of the ocean rates as when it exceeds it.

If what is paid under the name of a rebate were a rebate in fact, as understood in the second section of the interstate commerce law, and if the effect of allowing it were to impose upon some classes of persons a greater charge for service rendered than was imposed upon others for a like contemporaneous service, under the same circumstances and conditions, and so effect what is described in the law as an unjust discrimination, it would neither be legal in itself nor could it be made legal by any order, assent, or permission made or given by the Commission. But as explained by the petitions and the evidence adduced in their support, the rebate has for its purpose to correct an inequality that would otherwise exist, and which, by making the cost of foreign shipments by way of Boston greater than by way of New York, would practically exclude shippers from the choice of the Boston route, though the distance from interior points to the foreign market would be practically no greater by that route than by the other. This alleged necessity for the equalization of rates on export traffic is [27] relied upon as the justification for the higher rate which is imposed on the traffic whose final destination is Boston, which higher rate, however, is averred to be in itself just and reasonable. If such is the real nature of the so-called rebate—if its purpose is only to do indirectly what might directly be done by bill of lading issued at the interior point of shipment for the delivery of the goods at the foreign destination, and if no discrimination is made between persons engaged in the foreign traffic, but the rebate is paid impartially, and only as a means of protecting the Boston route for the export trade against an excess in charge that would be ruinous to it, then it is obvious there is no occasion for calling upon the Commission to give sanction to a practice which would be legal without it. Indeed any legal ground for affirmative action on the part of the Commission is precluded when those who bring the practice to its attention do so with explanations of its propriety and insisting upon its lawfulness.

Whether all freights from interior points to Boston ought to be carried at rates as low as those prevailing from the same points to New York, is a question not legitimately before the Commission now.

The railroad companies, who are the only parties asking action at our hands, justify the differences now made on the ground of longer haul, while submitting to the rebate on the export trade, under a species of compulsion. If the exactions from the Boston traffic proper are excessive, the fact can only be adjudicated when somebody questions them in a proceeding instituted for the purpose of a regular investigation.

It follows from what has been said that no order should be made on the petitions, and the petitioners have leave to withdraw them.

MORRISON, *Commissioner*, concurs in the determination to make no order in the premises, and that leave be given to withdraw the petitions.

THE BOSTON CHAMBER OF COMMERCE

v.

THE LAKE SHORE AND MICHIGAN SOUTHERN RAILWAY COMPANY, ET AL.

THE SAME

v.

THE LAKE SHORE AND MICHIGAN SOUTHERN RAILWAY COMPANY.

THE SAME

v.

THE NEW YORK CENTRAL AND HUDSON RIVER RAILROAD COMPANY.

1 I. C. C. 436.

THE BOSTON CHAMBER OF COMMERCE

v.

THE LAKE SHORE & MICHIGAN SOUTHERN RAILWAY COMPANY, ET AL.

SAME

v.

THE LAKE SHORE & MICHIGAN SOUTHERN RAILWAY COMPANY

SAME

v.

THE NEW YORK CENTRAL & HUDSON RIVER RAILROAD COMPANY,
DECIDED FEBRUARY 15, 1888.

(1 I. C. C. 436.)

1. The relative reasonableness of rates on shipments from western points to cities on the Atlantic Seaboard is to be determined by all the circumstances and conditions that affect the traffic to the respective points between which the rates are questioned, and not solely by one standard of comparison.
2. The length and character of the haul; the cost of service, the volume of the business; the conditions of competition; the storage capacity and the geographical situation at the different terminal points, are all elements of importance, bearing upon the relative reasonableness of the respective charges for transportation.
3. The fact that the export rates through Boston, and the rates on merchandise intended for coastwise points east of Portland, and the west bound rates from Boston, have been made by the carriers the same as corresponding New York rates, in order to put Boston on an equality with New York and other seaboard cities, wherever Boston is a competitor with those cities, is not controlling in determining the reasonableness of eastbound Boston local rates on a traffic in which there is no competition by other cities.
4. In view of the longer haul to Boston than to New York; the greater cost of transportation to Boston; the very much greater volume of business to and from New York; the competition by water transportation by the Lakes, Erie Canal and Hudson River, and also by several railroad lines; and the geographical and commercial advantages of New York; the differentials on Boston local rates of ten cents per hundred pounds on the first and second classes of merchandise, and of five cents per hundred pounds on the other four classes, between New York and Boston, on traffic originating west of Buffalo, have not been shown to be unjust or unreasonable, or to constitnte unjust discrimination against Boston.

Hon. William Gaston and *C. L. B. Whitney*, for petitioners.

George C. Greene, for Lake Shore and Michigan Southern Railway Company.

Frank Loomis, for New York Central and Hudson River Railroad Company.

Samuel Hoar, for Boston and Albany Railroad Company.

REPORT OF THE COMMISSION.

SCHOONMAKER, *Commissioner:*

These three cases, although against separate carriers, involve one ground of complaint relating to joint through rates, and the petitions and answers being substantially alike, the issues are properly disposed of in a single trial and decision.

The general complaint presented by the petitions is that the joint through rates of the defendant carriers from Chicago and some other western points to Boston are disproportionately higher than the joint through rates of the two first-named carriers to New York City and higher than the export rates made by the three carriers over the same line to East Boston, and that by reason of such higher Boston rates the defendants have violated the first, second, and third sections of the Act to regulate commerce.

The specific complaint is that the rates from Chicago, from Elkhart, Ind., from Toledo, Cleveland, Painesville, and Ashtabula, Ohio, and from Girard, Penn., on the first and second classes of merchandise to Boston are 10 cents a hundred pounds higher than to New York, and on the third, fourth, fifth, and sixth classes of merchandise are 5 cents a hundred pounds higher from the same points to Boston than to [438] New York, and that the export rates through East Boston and the coastwise rates to points east of Portland, Me., are also less than the Boston rates, being the same as New York rates. The petitions charge that these differences in rates are not founded upon nor warranted by the difference in distance nor the actual cost of transportation, and are, therefore, unreasonable and unjust, and are an unjust discrimination against Boston and give undue preference and advantage to New York.

The answers do not contest the differences in the rates specified, but controvert the allegations that the Boston rates are unreasonable and unjust or that they unjustly discriminate against Boston or give undue preference and advantage to New York, and justify the differences on the ground of competition with water carriers and other carriers at New York, by which rates are fixed to which the defendants must conform, and allege that these rates as well as the export rates through East Boston and the coastwise rates to points east of Portland are for the transportation of merchandise under circumstances and conditions dissimilar to the transportation terminating at Boston.

The testimony adduced, a large part of which consists of agreed statements and illustrations, has taken a wide range, showing the various competing carriers from Chicago to points on the Atlantic coast and to Boston and their rates, the division of through rates among the

defendants, the business of Boston and New York, respectively, and the circumstances that are claimed to affect the rates of transportation.

The facts proven and admitted are too voluminous to be set forth in full, but those deemed material for a disposition of the questions involved are as follows:

Facts Found.

The petitioner is one of several societies in the City of Boston, having a membership of about 829 merchants, engaged in the flour, grain, provision, and other business in that city. The society has authority to bring this proceeding and its members are interested in the business which is the subject-matter of the controversy.

[439] The Lake Shore and Michigan Southern Railway Company owns and operates a line of road extending from its western terminus, at Chicago, through the States of Illinois, Indiana, Michigan, Ohio, Pennsylvania, and New York to Buffalo, its eastern terminus. The New York Central and Hudson River Railroad Company owns and operates a line of road which runs from Buffalo, its western terminus, where it connects with the road of the first-named company, to Albany, on the Hudson river, and thence by way of East Albany, on the opposite side of the river, and connected with Albany by a bridge over which the line is operated, southerly along the Hudson river to its southern terminus, at the city of New York.

The Boston and Albany Railroad Company owns and operates a line of road which runs through New York and Massachusetts from its western terminus, at East Albany, where it connects with the road of the last above-named company, to its eastern terminus, at Boston.

The three respondent railroads thus form by connection with each other a through railroad line from Chicago to Boston, and the two first-named respondents also form a through railroad line from Chicago to New York, and the said lines, respectively, have established joint tariffs of rates, fares, and charges for such continuous lines, and each of said companies operates its own road.

Before and since the Act to regulate commerce took effect the first two respondent railroads have been largely engaged in transporting from Chicago to New York, by continuous carriage and under a joint arrangement as to through rates, the issuance of bills of lading, and the interchange of cars, large quantities and varieties of merchandise, which have, since the Act to regulate commerce took effect, been divided into six different classes in the traffic tariffs.

The length of the entire haul from Chicago to New York is, for purposes of division, taken at 984 miles made up as follows:

L. S. and M. S., Chicago to Buffalo	538 miles.
N. Y. C. and H. R., to New York	446 "

Actual distance from Chicago to New York	981 miles.
L. S. and M. S., Chicago to Buffalo	540 "
N. Y. C. and H. R., Buffalo to East Albany	299 "
N. Y. C. and H. R., East Albany to New York	142 "

The haul from Chicago to New York, via the Pennsylvania Company's line, for purposes of division, is 920 miles to Jersey City.

During the same period the three respondent railroads have also been largely engaged in transporting from Chicago to Boston, by continuous carriage and under a joint arrangement as to rates, issuance of bills of lading, and interchange of cars, the same several classes of merchandise.

The entire haul from Chicago to Boston is 1,040 miles, for purposes of division made up as follows:

L. S. and M. S., Chicago to Buffalo	538 miles.
N. Y. C. and H. R., Buffalo to East Albany	301 "
Boston and Albany, East Albany to Boston	201 "
Actual haul Chicago to Boston	1,040 "
L. S. and M. S., Chicago to Buffalo	540 "
N. Y. C. and H. R., Buffalo to East Albany	299 "
Boston and Albany, East Albany to Boston	201 "

In the tariff classification flour and grain in car-load lots are in the sixth class; in less than car-load lots in the fifth class; provisions, such as salted meats, pork products, etc., in car-load lots in the fifth class; in less than car-load lots in the fourth class; butter and eggs in the second class, and cheese in the third class.

The joint rates and charges fixed whereby the respondents under the arrangements between them for the through transportation per hundred pounds for the several classes of merchandise from Chicago to New York and from Chicago to Boston, respectively, are as follows:

Class.	To New York.	To Boston.
1st	75	85
2d	65	75
3d	50	55
4th	35	40
5th	30	35
6th	25	30

These rates when extended to car-load lots of flour and grain (sixth class), averaging 30,000 pounds per car, result as follows:

Freight per car Chicago to New York,	$75.00
Freight per car Chicago to Boston,	90.00

The additional transportation charged to Boston of 10 cents per hundred pounds for the first two classes and of 5 cents per hundred

pounds for the four other classes over the New York rates for like kinds of merchandise is an extra fixed charge or arbitrary which has for many years been added to the New York rate in fixing the Boston rate, irrespective of the amount of the New York rate.

The term arbitrary is a technical term expressing a difference which does not change with the through rate, and similar arbitrary differences have for years prevailed at Montreal, Philadelphia, and Baltimore of 2 cents at the first two cities and 3 cents at the last-named less than the New York rate.

For westbound freight no additional charge for transportation from Boston to Chicago over the rate from New York to Chicago has for several years been made, but the rates from both cities have been the same; and since the Act to regulate commerce took effect the rates for westbound freight, both from Boston and New York, have been the same as the eastbound rates from Chicago to New York for the different classes.

The through rates which under the agreement between the roads are charged for the transportation of the different classes of merchandise from Chicago to New York and to Boston, respectively, are collected from the shipper or consignee, as the case may be, in a lump sum; and the moneys so collected are distributed among the roads according to certain percentages or divisions fixed upon between them, based upon the distances taken for that purpose, before stated, and not upon the actual mileage of the respective roads. These percentages or divisions of the through rates are shown in detail by the testimony, but are not deemed material, and are therefore omitted from these findings.

The distance by the Pennsylvania railroad and its connections to the points reached by it are as follows:

Chicago to Philadelphia	830	miles.
Chicago to New York	920	"
Chicago to Boston	1,252	"

[442] The rates by the Pennsylvania lines to Philadelphia from Chicago are 2 cents less per hundred pounds, or $6.00 per car-load of 30,000 pounds, than to New York, and the rates by these lines to New York City and to Boston, respectively, are the same as by the respondents' lines.

The merchandise intended for New York and the merchandise intended for Boston are in their transportation from Chicago to East Albany carried over the same lines and the same distances.

Since the Act to regulate commerce went into effect the three respondent carriers have also, under through bills of lading from Chicago to Liverpool and other foreign ports, been largely engaged (under a

joint arrangement for rates between themselves and steamship companies or vessels performing ocean carriage from Boston) in transporting the various classes of merchandise, but more especially flour and grain, over their respective roads from Chicago to East Boston, where the merchandise has been transferred to vessels or steamships, which have then carried the same to the foreign ports of destination.

East Boston is the water terminus of the Boston and Albany road, and is reached by the Grand Junction branch of that road, which leaves the main line at Cottage Farms, in the town of Brookline, and is 6 miles farther than Boston, but for purposes of division of the through rate it is allotted as 20 miles, giving a constructive mileage to the Boston and Albany from East Albany to East Boston of 221 miles.

Upon the goods transported to East Boston for export purposes the rate received by the three carriers as their share of the through rate from Chicago to Liverpool has been at all times since the Act to regulate commerce took effect less than the rates charged by them for like merchandise to Boston proper or to points on the Boston and Albany road west of the Grand Junction at Cottage Farms, and for the greater part of the time the rate on export business to East Boston, has been the same as the rate to New York. Flour and grain in car-loads to East Boston for local use are charged the regular Boston rate of 30 cents per hundred pounds.

Since the 30th of April, 1887, the said carriers, under an [443] arrangement between them, have allowed upon merchandise transported over their roads from Chicago to Boston or East Boston, and which has paid the regular Boston tariff rates and which has afterward, by subsequent determination of the owner, been reshipped to Liverpool or other foreign ports, a rebate or allowance of 10 cents per hundred pounds on the first two classes and of 5 cents per hundred pounds on the other classes of merchandise, equalizing them with the New York rates, and such rebates have been equal and impartial, without discrimination between persons engaged in foreign traffic. In such cases of reshipment from Boston all wharfage charges, if any, are paid by the shipper, and there are no lighterage charges.

The said three carriers, since the Act to regulate commerce took effect, have also, under an arrangement between them, allowed upon merchandise originally transported over their roads from Chicago to East Boston and thence by continuous shipment (or to Boston and thence by subsequent reshipment) carried by water to any ports in the State of Maine east of Portland a through rate or rebate precisely the same as in the case of merchandise billed through for foreign ports, but when such merchandise has been carried by rail or shipped by

water to any other points in the United States, either on the coast or in the interior, no such through rates or allowances have been made.

Since the Act to regulate commerce went into effect the respondent roads have also been engaged in the transportation of the several classes of merchandise, both eastward and westward, between New York and Boston, respectively, and the following places, viz: Elkhart, in the State of Indiana; Toledo, Cleveland, Painesville, and Ashtabula, in the State of Ohio, and Girard, in the State of Pennsylvania; and in such transportation the same differences of 10 cents and 5 cents per 100 pounds, respectively, between the New York rate and the Boston rate for eastbound freight has been maintained by the respondent roads, as also the same system of special rates and of allowances or rebates in the case of such merchandise carried beyond Boston, as before set forth. The same facts and reasons exist for the justification or the [444] contrary of said differences as in the case of shipments from Chicago. Numerous points in New England are reached by railways branching from the Boston and Albany railroad between Albany and Boston. Merchandise carried from Chicago and other western points for Boston and New England points goes by other lines than the respondent roads, namely, the Pennsylvania railroad, the New York, Lake Erie and Western railroad, the Delaware, Lackawanna and Western railroad, the Grand Trunk railway. The lines herein referred to are all members of the Trunk Line Association.

The rates from Chicago to New York by the several all-rail routes are the same. The rates from Chicago to Boston by the several all-rail routes are 5 cents above the New York rates on the third, fourth, fifth, and sixth classes, and 10 cents higher on the first and second classes. The all-rail routes to Portland, Me., by the roads over which the through routes are made, are the same as to Boston. The rates to Montreal and to Philadelphia by the several all-rail routes are 2 cents per hundred pounds lower than to New York. The rates to Baltimore and to Newport News by the several all-rail routes are 3 cents per hundred pounds lower on all classes than to New York. The rates of transportation by the lakes and other waterways are at all times lower than the rates by all-rail routes.

On portions of the shipments to New York harbor and to East Boston there are lighterage and some wharfage charges which are as follows:

On shipments to points in New York harbor, other than New York Central road stations, 3 cents per cwt. lighterage. On shipments to East Boston for export, via Warren line, ½ cent per bushel lighterage on grain, and on shipments to Boston for export by four other lines a lighterage charge of ⅝ cents per bushel and wharfage charge of ½

cents per bushel on corn and wheat; also at Boston a lighterage charge on flour of 45 cents per gross ton, and wharfage charge of 1 cent per sack of 140 pounds; and on bacon a lighterage charge of 45 cents per gross ton and wharfage charge of 3 cents per box of 600 pounds.

The lighterage and wharfage charges constitute part of the [445] through rate, and are borne by the carriers and not by the shippers, and they are deducted before division of the through rates among the respective carriers.

After deducting lighterage and wharfage charges, the earnings of the Lake Shore and Michigan Southern and New York Central and Hudson River roads from Chicago to New York, New York harbor, and Albany on car-load shipments of 30,000 pounds are as follows:

Lake Shore, on corn, wheat, and flour, to New York	$41 00
Lake Shore, on corn, wheat, and flour, to New York harbor	36 08
Lake Shore, on corn, wheat, and flour, to Albany, local	46 22
Lake Shore, on bacon, 28,000 pounds, to New York	45 92
Lake Shore, on bacon, 28,000 pounds, to New York harbor	41 33
Lake Shore, on bacon, 28,000 pounds, to Albany, local	50 33
New York Central, on corn and flour, to New York	23 04
New York Central, on corn and flour, to New York harbor	20 28
New York Central, on corn and flour, to Albany, local	25 78
New York Central, on bacon, 28,000 pounds, to New York	25 81
New York Central, on bacon, 28,000 pounds, to New York harbor	23 23
New York Central, on bacon, 28,000 pounds, to Albany, local	28 06

The earnings of the three carriers, respondents, on shipments from Chicago to Boston in like car-loads, after deducting lighterage and wharfage, are as follows:

Lake Shore, on corn to Boston	$46 56
" " East Boston, export	36 71
" " " "	35 02
" wheat to Boston	46 56
" " East Boston, export	36 79
" " " "	35 20
" flour to Boston	46 56
" " East Boston, export	38 06
" " " "	33 92
" bacon to Boston	50 70
" " East Boston, export	42 63
" " " "	39 08
New York Central, on corn to Boston	26 05
" " " East Boston, export	20 54
" " " " "	19 59
" " flour to Boston	26 05
" " " East Boston, export	21 30
" " " " "	18 98
" " bacon to Boston	28 36
" " " East Boston, export	23 36
" " " " "	21 87
Boston and Albany, on corn to Boston	17 40
" " " East Boston, export	15 08
" " " " "	14 38
" " wheat to Boston	17 40
" " " East Boston, export	15 11
" " " " "	14 46

Boston and Albany,	flour to Boston	....	17 40
" "	" East Boston, export	....	15 64
" "	" " "	....	13 94
" "	bacon to Boston	....	18 94
" "	" East Boston, export	....	17 51
" "	" " "	....	16 05

The difference in the divisions of the export rates through East Boston is occasioned by the difference in the charges for lighterage and wharfage, deducted before division.

The rates charged by the defendant carriers are as low as the rates by any other all-rail route from Chicago to Boston.

The cost of service from Chicago to Boston exceeds the cost of service to New York more than is accounted for by the increase in distance by reason of the fact that the grades on the Boston and Albany railroad are heavy, while there are practically no grades between Albany and New York, and the further facts that the cost of coal is greater to the Boston and Albany Railroad Company than to the New York Central and Hudson River Railroad Company, and more is consumed and more engines and train crews are used in handling an equal number of cars. Trains destined for Boston and New England points are also broken up at Albany and hauled over the Albany bridge by a switch-engine to East Albany and made up into trains on the Boston and Albany road.

Merchandise sent by rail from Boston to Chicago and other western points mentioned in the petition is sold by merchants and manufacturers of Boston and New England in competition with similar merchandise sent from New York by merchants and manufacturers there, and with similar merchandise sent from other eastern cities, ports of entry, and States.

Chicago and other western points aforesaid are common markets in which merchants and manufacturers of all [447] eastern cities, ports of entry, and States engage in competition. Various lines of ocean steamers and other vessels ply between Boston and foreign ports. Boston is the second port of entry in importance in the United States, and the value of its imports for the year 1886 was $58,430,707.00.

Much of the merchandise imported into the United States seeks a western market, and to accord equality of competition receives as low a rate from Boston to that market as prevails at New York.

Much of the merchandise imported consists of raw material used in the manufactories of New England and there manufactured and sent west for sale. These manufactories are some of them situated at points along the line of the Boston and Albany railroad and its connections, many of which points are also reached by the transportation routes leading from New York.

The receipts of grain and flour at New York during a period of seven months, from April 1st to October 31st, in the years 1886 and 1887, were as follows:

1886. Grain	65,958,263	bushels.
" Flour	3,206,008	"
1887. Grain	65,492,262	"
" Flour	3,373,520	"

The proportions of the grain so received that came by rail and by water transportation were as follows:

1886. By rail	29,038,708	bushels.
" " water	36,919,555	"
1887. " rail	27,721,262	"
" " water	37,772,000	"

The present rates on first and sixth class merchandise from Chicago and some other western cities to New York and Boston, and also what the rates to Boston by different routes would be if computed on the rate per mile charged by the Pennsylvania short line, are as follows:

From Chicago (distance via Pennsylvania railroad, 920 miles to New York; 1,252 to Boston):

Present rate to New York	1st class,	75;	6th class,	25
" " " Boston	"	85;	"	30
To Boston, computed via Boston and Albany railroad	"	85;	"	28
To Boston, computed via Pennsylvania railroad	"	102;	"	34

From Cincinnati (distance via Pennsylvania railroad, 765 miles to New York; 1,097 to Boston):

Present rate to New York	1st class,	65;	6th class,	21½
" " " Boston	"	75;	"	26½
To Boston, computed via Boston and Albany railroad	"	79;	"	26
To Boston, computed via Pennsylvania railroad	"	93;	"	31

From East St. Louis (distance via Pennsylvania railroad, 1,071 miles to New York; 1,403 to Boston):

Present rate to New York	1st class,	87;	6th class,	29
" " " Boston	"	97;	"	34
To Boston, computed via Boston and Albany railroad	"	100;	"	33
To Boston, computed via Pennsylvania railroad	"	114;	"	38

From Louisville (distance via Pennsylvania railroad to New York, 875 miles; 1,038 to Boston):

Present rate to New York	1st class	75;	6th class,	25
" " " Boston	"	85;	"	30
To Boston, computed via Boston and Albany railroad	"	89;	"	30
To Boston, computed via Pennsylvania railroad	"	104;	"	35

The total receipts of grain and flour expressed in bushels received at the five Atlantic cities of New York, Philadelphia, Baltimore, Boston, and Montreal during the year 1886 were 249,062,939 bushels, the amount exported 150,383,499 bushels, and the percentages of the amounts so received and exported were as follows:

New York	received	52.5;	exported	47.4.
Philadelphia	"	8.7;	"	6.7.
Baltimore	"	15.6;	"	21.4.
Boston	"	14.4;	"	10.8.
Montreal	"	8.8;	"	13.7.

The amount of grain only received at the same cities during the same time was 187,263,713 bushels, the amount exported 110,795,038 bushels, and the percentages of the res[449]pective amounts received and exported by the several cities were as follows:

New York	received	55.7;	exported	49.8.
Philadelphia	"	8.7;	"	7.4.
Baltimore	"	16.1;	"	22.2.
Boston	"	10.4;	"	5.8.
Montreal	"	9.1;	"	14.8.

These percentages have not been uniform in different years, but have fluctuated somewhat during the last ten years, and have decreased more at Philadelphia than elsewhere. The number of steamers sailing monthly from New York and plying between that city and various foreign ports is 115, with a total carrying capacity of 263,200 tons, aggregating for a year 1,380 steamers and 3,178,400 tons capacity, to which it is claimed may safely be added 10 per cent. of tonnage for coast lines, tramp vessels, etc. The number of steamers sailing from Boston to foreign ports for the year ending September 30, 1887, was 235, and to provincial ports 357; total, 792. The tonnage was not shown.

The rates from Chicago to New York on wheat and corn by lake and canal from May 2 to October 22, 1887, averaged on wheat about 9 cents per bushel, including elevation, and on corn a little less. The rates by lake and rail were nearly uniform, at 12 cents per bushel on wheat and 11⅕ on corn, while at the same time the rates by all-rail on wheat were 15 cents a bushel and 14 cents on corn.

There are fourteen lines or routes of transportation from southern and western points through Chicago to New York, including one water line by way of the lakes, Erie Canal, and Hudson River. An equal number of lines or routes reach Boston, all of them rail routes east of Buffalo.

The foreign commerce of the port of New York for the fiscal year ending June 30, 1886, was $802,535,015, and the foreign commerce of all the other ports of the United States for the same time was $1,426,-018,032.

The value of the domestic exports from the city of New York for the fiscal year ending June 30, 1886, was $346,412,339.

The value of the domestic exports from the city of Boston for the same time was $53,429,513.

[450] The values of the domestic exports from all the ports of the United States, except New York, for the same time were $371,476,307.

The tonnage of the Erie canal, arriving at tide water for the year 1886 was as follows:

Tonnage from Western States,	1,525,901	tons.
Tonnage from New York State,	924,130	"
Total by Erie canal,	2,450,031	"

And the estimated value of the property transported on the Erie canal for the same year was $163,726,849.

The through rate from Chicago to Boston is a little less than 6 mills per ton per mile, and all other rates to the points north and west of Boston on the main line by which they reach Boston are the same as Boston rates.

Opinion and Conclusions.

The facts recited sufficiently indicate the differences in rates between New York and Boston of which complaint is made and the reasons for the differences that have weight with the railroad carriers. Other facts also appeared in evidence to which passing reference may be made. The complaint relates solely to the east-bound rates from Chicago and some other western points to Boston proper.

For export business through Boston and for shipments to points east of Portland and for all west-bound business the Boston rates are on an equality with New York rates, and no ground of complaint exists that Boston is discriminated against in respect to those rates. The general fact is thus apparent that for the business in which Boston is a competitor with New York, both export and west-bound, the rail rates for both cities are equal, and in that respect neither city has any advantage over the other. Except in the particulars mentioned Boston is upon a substantial equality of rates with all the cities that are its competitors on the Atlantic seaboard.

Complaint is not made that the Boston export rates and the coastwise rates to points east of Portland are unlawful [451] under the fourth section of the Act, and they are conceded on the part of the petitioners to be necessary to enable Boston to participate in the foreign and coastwise trade; but the fact of such lower rates and the lower west-bound rates is pressed as a strong argument that the east-bound Boston local rates are unjust and should be reduced to the export rates.

The export and coastwise rates through Boston not being assailed in this proceeding, the question of their lawfulness is not now before the Commission. The complainants in their brief disclaim any desire to

disturb the export rates in these words: "The petitioner wishes, however, it distinctly understood that while it appeals to the facts connected with the Boston export trade as proving that the Boston local arbitrary is unreasonable it does not wish in any way, directly or indirectly, injuriously to affect the foreign commerce of the port of Boston, and it therefore does not ask an order enjoining the continuance of such export rate or of the export rebate system; its only desire in this regard is that the local rate shall at all events be made as low as the export rate, as it is in all other Atlantic seaboard cities save Portland."

After such an explicit withdrawal of any question affecting the lawfulness of the export rates and rebates the Commission is not required to pass upon them in this case. It is obvious that an adjudication upon those rates requires additional parties to the record and an opportunity to be heard on the part of the various business interests likely to be affected by any determination reached. Although incidental reference is made to those rates no decision is rendered upon them and no opinion relating to them is intended to be expressed.

The sole question for determination is whether the east-bound rates to Boston, which are 10 cents per hundredweight higher on the first and second classes of merchandise and 5 cents per hundredweight higher on the third, fourth, fifth, and sixth classes, are unjust and unreasonable, and therefore unjustly discriminate against Boston.

[452] The claim of the petitioners is that the Boston local rates shall be made as low as the export rates; in other words, that they shall be on equality with the New York rates. A claim of this character, if made as matter of right and not of favor, should be founded upon a corresponding equality or substantial similarity of circumstances and conditions that control the making of rates by carriers, and to some extent their effect upon the business of localities.

If differences in the conditions of the traffic to two or more points exist which materially affect the cost or the value of the service it would scarcely be reasonable to require a carrier to disregard those differences and make good to every community disadvantages of situation or other disadvantages. As has been well said, "Different localities are more or less favored, in regard to transportation facilities, either by nature or the enterprise of man. It cannot be maintained that it is the duty of the common carrier to equalize these existing inequalities at his own expense. All that is required of him is not to create them himself arbitrarily. He must treat all alike that are situated alike, but he cannot be bound to wipe out existing differences. He may be obliged to carry freight at a lower rate to some localities than to others, but this in itself does not constitute an injustice or injury to the shipper in a less

favored locality so long as the charges are reasonable in themselves and alike to all in the same situation." With the qualification indicated in the case of *The Boards of Trade Union of Farmington, &c.*, against *The Chicago, Milwaukee and St. Paul R. R. Co.* (1 Interstate Com. Rep., 215), that rates should be relatively reasonable when the same carrier transports over different branches of its road to a common market, these principles may be accepted as correctly stated.

The contention of the petitioners for equality of rates with New York is not supported by equality of distance, of cost of service, or by other considerations, such as volume of business; competition of rail and waterways, ocean service, terminal facilities, and storage capacity—all elements of more or less importance in the determination of rates, and some of them of controlling influence.

The argument of the petitioners is based almost entirely upon [453] the distances hauled and the assumed parity of cost of service, and elaborate calculations founded on distances by various lines have been produced showing the through rates to different seaboard cities from initial western points, the divisions of through rates among connecting carriers, the lighterage expenses at New York, and other incidental matters. It appears from these statistics that the Lake Shore and Michigan Southern road and the New York Central to Albany receive each a slightly higher amount of the through Boston local rate than of the through rate to New York; but, as the contention is with the through rate to Boston as a unit, the divisions of that rate and the proportions received by the respective carriers forming the line are unimportant for the purposes of this case. The lighterage charges at New York are also irrelevant to the questions to be determined. They are part of the rate paid by the shipper to that city, and, when necessary, upon a portion of the merchandise handled there are borne by the carriers as an element of transportation expenses. They are not separable from the aggregate rate for the purpose of any question involved in this decision. The total charge for transportation is all that concerns the shipper, and not the percentages allotted by agreement to one or more of the connecting carriers in a through line. Carriers voluntarily enter into agreements for through shipments over connecting roads, and the division of the through rate is part of their mutual agreement which the parties to the arrangement adjust for themselves and the adjustment of which does not affect the shipper. Such adjustments may not be on the exact basis of cost of service in any case, and many other considerations may influence the parties in making them. The fact may be, therefore, that the Lake Shore road and the New York Central road may each receive more in amount of the through rate to

Boston from Chicago than to New York for the respective hauls to Albany, although the service to that point is identical, but the through rates are charged for the entire haul to the final destination and are not governed by the service to some intermediate point in the line or where the line diverges to different destinations.

[454] The element of cost of service which may at one period have been recognized as controlling in fixing rates has long ceased to be regarded as the sole or the most important factor for that purpose. The value of the service with respect to the articles carried, the volume of business, and the conditions and force of competition are justly considered to have controlling weight in determining the charges for transportation. But even with regard to the cost of service the cost is at least somewhat greater to Boston than to New York.

The large trains drawn by one engine over the easy routes of the Lake Shore and New York Central roads are broken up at Albany, taken over the Albany bridge, and switched to the tracks of the Boston and Albany road, and on account of the heavy grades of that road are made up into much smaller trains, requiring more engines, additional consumption of coal, and a greater number of trainmen. The detention of cars at Boston and in New England is also somewhat greater than at New York. These are items that enter into the cost of service, and, though they may not be large, they affect it to a material extent.

The distance to Boston is also 56 miles greater. One of the tables put in evidence by the petitioners gives a computation of the proportional rates to New York and Boston based on distance alone, the distances being, respectively, 984 miles to New York and 1,040 to Boston, with the following showing:

Class.	New York.	Boston.	Boston, prop'l.	Differ.
1st	75 cents.	85 cents.	79.3	5.7
2d	65 "	75 "	68.7	6.3
3d	50 "	55 "	52.9	2.1
4th	35 "	40 "	37.0	3.0
5th	30 "	35 "	31.7	3.3
6th	25 "	30 "	26.4	3.6

This calculation leaves only a small margin to be made up by the other elements that affect the relative reasonableness of the rates to the two cities.

The volume of business to Boston as compared with that to New York, in view of the universally accepted principle of railroad transportation that a very large traffic can be profitably conducted at lower

rates than a relatively small traffic, [455] furnishes a substantial ground, supported by adequate business reasons, for differences in rates that might be urged to justify to a great extent the existing disparity.

Of the grain and flour received at the six principal Atlantic ports from the west during the year 1886 New York received 52.5 per cent.; Boston received 14.4 per cent.; and of the amount of exports of these articles from the same cities New York exported 47.4 per cent.; Boston exported 10.8 per cent. The number of bushels represented by these percentages was, for New York, 84,681,399; for Boston, 35,865,063, or more than two and one-third times the amount. Other articles, such as tobacco, cheese, bacon and hams, beef and pork, lard and tallow, and petroleum, have even larger disproportions, and the general export and import trade of the two cities, as some indication of the relative volume of railroad traffic, were as follows—

For the fiscal year ending June 30, 1886:

Domestic exports from New York	$346,412,339
" " Boston	53,429,513

For the preceding seven years the exports were considerably larger at both cities.

For the fiscal year ending June 30, 1886:

Imports at New York	$434,548,789
" Boston	58,552,702

These statistics in a general way are sufficient illustrations to show that the difference in quantity is a factor of large importance.

But another and more important element in justification of the differences in favor of New York is found in the competition that centres there. Besides the several all-rail lines that reach New York, the Baltimore and Ohio, the Pennsylvania, the New York, Lake Erie and Western, the Delaware, Lackawanna and Western, the West Shore, and others, the water competition by way of the Lakes, Erie canal, and Hudson river is alone a factor of so much force as to compel a lower rate to New York than perhaps the all-rail carriers would be willing to accept save for that reason. The business [456] by the lakes and canal is so large and the rates so low that the rail carriers in their competition for the traffic must look for their profits to the bulk of the business done rather than to the rate of compensation for the service rendered. The tonnage arriving at tide-water at New York by the Erie canal in 1886 was 3,215,177 tons, of which 1,525,901 was from the Western States. The tonnage going from tide-water at New York by the Erie canal during the same time was 1,130,192 tons. The flour and

grain alone received at New York in 1886 by canal was, in bushels, 43,835,077; by rail, 84,681,399.

The number of bushels received in Boston during the same time, by rail, was 35,865,063, or about eight million bushels less than the canal brought to New York. The relative percentages at New York were, by canal, 17.06; by rail, 34; coastwise, 9-10. The Boston percentage of the whole was 14.4.

The proportions of grain received at New York during seven months, from April 1 to October 31, 1886, were, by rail, 29,058,708 bushels; by water, 36,919,555 bushels; and for the same period in 1887, by rail, 27,721,262 bushels; by water, 37,772,000 bushels. The controlling force and importance in amount of the competition by water are too obvious to require comment.

When the Erie canal was first constructed, opening up a continuous waterway from the West to New York, its great importance and prospective effect upon transportation to that city were clearly foreseen by the sagacious business men of Boston, and the project was contemplated for a considerable time of building a connection with the Erie canal to Boston. One plan was considered of building a canal over the Berkshire Mountains; another plan was to tunnel the Hoosac Mountain for a canal where the railroad tunnel has since been made. But these projects were abandoned as impracticable, and the advantages of cheap and direct water transportation to Boston have not been secured. The influence of that mode of competition does not directly affect the Boston traffic by rail, but may indirectly benefit Boston in the general low rates to seaboard cities made necessary by the canal competition. This absence of direct water competition [457] at Boston, and the existence of it at New York, are physical facts constituting inequalities which the carriers by rail are not required to make good to the less favored locality at their own expense.

The fact that the Boston export rates and the coastwise rates east of Portland and the west-bound rates from Boston have been equalized with the New York rates is not controlling nor even important upon the question of the reasonableness of the Boston local rates.

The character of the east-bound and west-bound traffic differs so materially that there is much force in the argument that the west-bound traffic can be carried at lower rates without serious disproportion in the aggregate earnings for the carriage of the same number of tons in the two directions. The testimony shows that over 70 per cent. of the east-bound traffic consists of the two lower classes of merchandise upon which the lowest rates are made, viz., 35 cents and 30 cents, respectively, per hundredweight. About half of the west-bound traffic

from Boston and New England points is of the first, second, and third classes, upon which the rates are, respectively, 75 cents, 65 cents, and 50 cents per hundredweight to Chicago, and on that basis to other western points. During the year 1887, until October 1, 35 per cent. of the traffic carried west by the Boston and Albany road was of the first class.

The export, coastwise, and west-bound rates have long been conceded to Boston, by the carriers competing for east-bound business, not because the conditions of transportation are equal, but, under the demands of the laws of trade, to put Boston on an equality with competitors at Baltimore, Philadelphia, New York, Montreal, and Portland in reaching common markets abroad and at the west. That Boston has been very largely benefited by the concession of equality with New York in these respects cannot be doubted. The large export and import business and the heavy shipments to the west of imported merchandise from Boston and of manufactures of various kinds from different points in New England along the line of the Boston and Albany road and its connections show the great advantages to Boston of these liberal arrangements.

[458] But like concessions were not made to the Boston local rates from the West. The merchandise shipped to Boston at the higher rates is for local consumption. There is no competition in that business from other localities. It is enjoyed exclusively by the Boston merchants and traders, and there is no reason to believe that the consumption would be larger or the prices to consumers materially less if the rates were on a par with those to New York. It was said in argument, and some testimony was given to support it, that the sales by Boston merchants to certain points north of Boston on the Massachusetts coast had fallen off to a considerable extent since the Act to regulate commerce took effect, and that grain from New York is carried to those points by water and sold at less than the Boston dealer can afford after paying local rates from Boston to those localities.

This is the only evidence in the case tending to show that Boston is in any way injured by the existing rates; and, as there was opposing evidence that the shipments of flour and wheat to Boston from the first of April to the last of October, 1887, was in excess of the like shipments during the corresponding months in 1886, the inference that the falling off in shipments of corn and oats is due to the rates is scarcely warranted, and a doubtful inference, without evidence of a more positive character, is not sufficient to justify a finding of prejudice to Boston in comparison with New York justly attributable to the rates.

This testimony, therefore, does not establish the unreasonableness of the rates to Boston.

The refusal of the Boston and Maine railroad to join in shipments from Boston to those places on the basis of the Boston rate makes necessary an additional local charge over that road, and the grain carried to those towns by water from New York is presumably grain borne at low rates over the Erie canal, for which the rail carriers are in no way responsible.

The average earnings of the line of the defendant carriers per ton per mile from Chicago to Boston for merchandise of the sixth class, at the Boston local rate of 30 cents per hundredweight, is 5¾ mills. This is as low as the rate of any other rail carrier between the same points and as low as has [459] ever been charged in the absence of rate wars. The average per ton per mile earnings of the line of the Lake Shore and New York Central roads for the same class of merchandise from Chicago to New York at the rate of 25 cents per hundredweight is 548-1000 mills, being the difference of about 6-10 of a mill. In view of the difference in the circumstances and conditions of the traffic to the two cities, this discrepancy does not appear to be unreasonable or unjust.

The point is made that the differences in the New York and Boston rates are fixed sums—usually called arbitraries—of 10 cents per hundredweight for the first two classes and 5 cents per hundredweight for the four other classes, and that these are not founded on an exact mathematical basis and do not change in amount if rates rise or fall. It is not perceived that there is any importance in this circumstance. The term "arbitrary" applied to rates in railroad phraseology implies no alarming significance. It is used to designate some rate not founded on a combination of other rates or upon a percentage theory of some general rate. It may be and frequently is lower than a rate established on a different basis. It is quite as likely, therefore, to indicate a favorable as an unfavorable rate. Mathematical precision in the adjustment of rates is not always attainable nor necessary, and if the differences are not in fact unreasonable it cannot be material whether they are arrived at by one mode or another, and while the custom of arbitraries or fixed differences may not be an ideal method it is simpler than fluctuating percentages, and so long as it is fair and equitable it is amenable to no valid objection. The differences between New York and other competing cities are also fixed sums or arbitraries; at Philadelphia and Montreal two cents per hundredweight lower on all classes, and at Baltimore three cents per hundredweight lower on all classes. The fact of a fixed difference in rates to the seaboard cities is not peculiar, therefore, to New York and Boston.

The existence of two depots for the Boston and Albany road at its eastern terminus, one for Boston local business and the other for export business at East Boston, with a haul six miles longer than to the local depot, is not entitled [460] to prominence upon the questions under consideration. Both are for the same road and for the same city, and for the better accommodation of the business for which they are designed, like the three or four depots of the New York Central road at New York City, some of which are nearly as far apart as those at Boston. As the East Boston depot is reached by a branch from the main stem of the road, it may be regarded in some respects as a different line; or, in view of the haul from Chicago and the circumstances of the case, it may with reason fall under the maxim "*de minimis non curat lex.*"

The existing rates from Chicago and other western points to the seaboard cities have not been established capriciously nor reached by gentle and harmonious methods. They are the result of many years of contention and struggle, involving ruinous rate wars between the different lines and repeated and protracted negotiations, in which concessions were necessary to arrive at an adjustment, finally culminating in the creation of a board or tribunal in which all the lines were represented for the settlement of disputes and the maintenance of peace and stability. The history of these contentions and their effects upon the roads and upon business is one of the most interesting chapters in the record of railroad development in this country. Beginning with eager rivalry and each line making rates independently and always with the view of securing the largest possible amount of business for itself, the differences to Baltimore and Philadelphia against New York were so great that wars were inevitable, and after most serious losses had been sustained and transportation demoralized, self-preservation, as well as the general public interests, required that destructive hostilities should cease and agreements be brought about on some basis of common justice and comparative equity. After several unsuccessful experiments the present basis of rates to the seaboard cities was established.

While by these adjustments the rate from Chicago to New York forms the basis with relation to which the whole system is arranged, that rate is in fact the one accepted by the shortest line, which is the line by the Pennsylvania road and [461] its connections, and the other lines must conform to it in order to share in the business. It thus results that all the lines to New York carry at the same rates; and by an extension of the same principle all lines to Boston carry at the same Boston rates. The seaboard rates are, therefore, all parts of a large

and complicated system, and their relations and interrelations are such that any material change in one rate involves numberless other changes. It was stated in the testimony that a reduction of the east-bound Boston local rate to the level of the New York tariff would require corresponding changes at several thousand other points in New England and at the west, and that the New England towns not on the direct line of the Boston and Albany road, but reached by its connections and now sharing the Boston rates, might lose their present advantages. The necessity for other changes in respect to related rates is not in itself an adequate reason for declining to correct any specific rate if it is in fact wrong, but when other changes would follow which might be injurious to other localities they are proper to be considered with reference to the general effect that might be produced by the proposed change, especially when a reasonable doubt of its propriety exists.

In 1882, when substantially the present differences in rates to the several Atlantic ports were in force and shortly after a fierce war had existed, a disinterested commission of three gentlemen was chosen by the different roads to consider and arbitrate the differential rates to the principal seaboard points. After taking much testimony and giving ample consideration to the subject the commission made an elaborate report, discussing at length the different principles urged as foundations for the differentials, viz., distance or mileage cost of service, and competition, concluding that competition must be regarded as the only practicable principle on which the differences could be fairly adjusted and that no reason appeared for changing the differences then existing.

It is proper to say that Boston was not represented upon the hearings before that commission, and the Boston differentials were not, therefore, directly involved, although the principles discussed applied equally to Boston with the other points.

[462] The preceding discussion has been chiefly limited to the relation of the carriers to the transportation in question. The complaint is against the carriers and they only have appeared. The business interests of New York have not been heard; but a question of this nature has broader aspects than the interests and duties of the railroad carriers. The business interests of the city of New York are entitled to fair consideration, and those interests should not be disregarded in passing upon transportation questions in which that city has large concern.

The geographical situation of New York, its unrivaled harbor, with many miles of available water front and wharves, its vast concentration and variety of business, its greatly superior ocean service, its loca-

tion as the terminus of water transportation from the west and of many great competing railroad lines, its capacity for storage and its terminal facilities, its acknowledged commercial pre-eminence give undoubted advantages to that city, partly natural and partly the result of enterprise and State expenditure, to which it is justly and equitably entitled and which it would be an indefensible wrong to attempt to take away or neutralize.

No invidious comparison with any other city is intended, but undeniable facts cannot be ignored when a question of rights between competing localities is under consideration.

In view of the relative situation, competing transportation facilities, and natural and commercial advantages of the two cities it would seem unnatural and repugnant to equity that the carriers delivering property to them, respectively, should be compelled to make to both an equality of rates.

The conclusion of the Commission is that the petitioners have not, upon any legitimate grounds of rate-making, maintained their application for equality of rates with New York for east-bound local shipments to Boston, and that the existing rates, of which complaint is made, have not been shown to be unjust or unreasonable in themselves or relatively, and the petitioners have not shown unjust discrimination against Boston and in favor of New York by reason of those rates.

The several complaints must, therefore, be dismissed.

Walker and Morrison, *Commissioners:*

Agreeing in general with the foregoing opinion and concurring in the result, we are unwilling to be considered as assenting to the views above expressed in respect to the use of an "arbitrary" in fixing the Boston rate.

It appears from the agreed statement of facts that "the extra charge of 10 cents per hundred pounds in the case of the first two classes and of 5 cents per hundred in the other classes of merchandise for transportation from Chicago to Boston over the charges for the transportation of the same merchandise from Chicago to New York is an extra fixed charge or 'arbitrary' which has for many years been added to the New York rate in fixing the Boston rate without reference to what the rate to New York might be; so that, for illustration, when in past times the through rate for the transportation of flour and grain from Chicago to New York was 50 cents, and, again when it was only 15 cents, the through rate to Boston for the same class of goods at the same time was in each case just 5 cents more—*i. e.,* 55 cents and 20 cents, respectively."

An arbitrary of 5 cents per hundred is 10 per cent. of a 50-cent rate and 20 per cent. of a 25-cent rate. The same proof which might show that this arbitrary was just when the New York sixth-class rate was 50 cents would demonstrate that it is unjust now. No facts have been shown which would justify a doubled disparity at one time as compared with another.

It further appears that the Chicago arbitraries of 10 cents on the two upper classes and 5 cents upon the remainder are enforced on business consigned to Boston from all points west of Buffalo, while at Buffalo the amount of the addition is summarily reduced one-half.

The propriety of somewhat higher rates from the west to Boston than to New York cannot properly be questioned, but the method pursued by the carriers in ascertaining the amount of difference is crude and unsatisfactory. The result is well named an "arbitrary."

The difference originally established seems to have been, at the time, an advance of about 10 per cent. in the rates to [464] Boston over the rates to New York, both from Chicago and from Buffalo. The facts fairly warranted a difference represented by that relative proportion, and it is hard to find substantial reasons for any greater distinction than that. No subsequent events have occurred which are claimed to have changed the situation to the prejudice of Boston. The proofs, however, fail to show the precise class rates which were in force at the time when the arbitrary was adopted.

An attempt was then made to ascertain a just measure of disparity from natural or other causes, and to apply the same to rates which were expected to fluctuate in the future. A percentage basis would have been and would now be a much more satisfactory and trustworthy method than the one which was adopted. Such a basis is easy of calculation; it could be applied without difficulty and with apparent justice at Chicago and all other trunk-line western points, from which the rate to New York is now a stated percentage of the rate from Chicago to New York; and it would in great measure efface the elements of injustice which the complainants perceive in the workings of the present system.

THE TOLEDO PRODUCE EXCHANGE, ET AL.

v.

THE LAKE SHORE & MICHIGAN SOUTHERN RAILWAY COMPANY, ET AL.

EDWARD KEMBLE

v.

THE LAKE SHORE & MICHIGAN SOUTHERN RAILWAY COMPANY, ET AL.

5 I. C. C. 166.

THE TOLEDO PRODUCE EXCHANGE, ET AL.

v.

THE LAKE SHORE & MICHIGAN SOUTHERN RAILWAY COMPANY, ET AL.

EDWARD KEMBLE

v.

THE LAKE SHORE & MICHIGAN SOUTHERN RAILWAY COMPANY, ET AL.

DECIDED APRIL 6, 1892.

(5 I. C. C. 166.)

On complaints of unreasonable and discriminating rates from Chicago and other western points to Boston, produced by the addition to rates from the same points to New York of a so-called arbitrary or differential of 10 cents on first class articles, 6 cents on goods of the second class and 5 cents on the other classes of freight, and which also involved the propriety of combination rates through intermediate points, the divisions of through rates between the carriers, and the relation of lighterage charges in New York harbor to the rates in question; *Held*, That the question involved herein is the through rates as affected by the arbitrary differential, and divisions of the through rate accruing to the different roads need not be considered, nor are possible rate combinations properly comparable with the through rate, except for limited purposes. That it can make no difference to the shipper or the public how carriers adjust between themselves the expense of lighterage paid out of the through rate to New York. That the arbitrary differentials now charged are unlawful and should hereafter be made by adding a percentage to the New York rate on shipments included in the six classes of freight from Chicago and points east thereof and west of Buffalo to Boston and other New England points, and that the defendants and other carriers interested be allowed twenty days to show cause by answer why order should not issue commanding them to desist from charging said arbitrary differentials and requiring said rates to Boston and New England points to be made by adding to the New York rate an increase of ten per cent. thereof, and if no such answers be filed that such order be issued forthwith.

Denison B. Smith, for Toledo Produce Exchange, etc.
Edward Kemble, in person.
George C. Greene, for L. S. & M. S. Ry. Co.
Frank Loomis, for N. Y. C. & H. R. R. R. Co.
Samuel Hoar, for B. & A. R. R. Co.
Ashley Pond, for M. C. R. R. Co.

NOTE: ONLY SO MUCH OF THE OPINION AS IS GERMANE TO THE SUBJECT OF ATLANTIC PORT DIFFERENTIALS IS REPRODUCED.

MCDILL, *Commissioner:*

The complaint, first named, No. 188, was filed April 1, 1889. While it names only the parties above written as defendants, it complains

against all eastern trunk railways making freight rates from western points to Boston, and points in New England having rates based on the Boston rate, and especially it complains of the Lake Shore & Michigan Southern, and the other roads named as defendants, and states as the basis of the complaint, the differential charge of five cents per 100 pounds on 3d, 4th, 5th and 6th class freight, and of ten cents per 100 pounds on first and second class freight, from all western points to Boston, and Boston points, above rates on same classes from western points to New York. It is charged that the Lake Shore & Michigan Southern Railway, the Michigan Central Railroad, the New York Central Railroad, and the Boston & Albany Railroad, while making this differential charge of five cents per one hundred pounds are also connected in traffic arrangements, and make continuous lines with the Connecticut River, the Providence & Worcester and other roads, as well as the Boston & Albany, and that they only make and charge from Buffalo to Boston and Boston points a differential of 2½ cents per one hundred pounds over the rate made and charged from Buffalo to New York, on all classes of freight below second class, and especially is this complaint made as to the sixth class which includes grain and flour.

As a specification of the result of the rate-making complained of the following are given, being combination rates:

Rate from Danville, Ill., to Toledo and Detroit is per 100 pounds	10	cents
Toledo to Boston & New England	24½	"
	34½	"
Rate from Danville, Ill., to Buffalo	15	cents
Buffalo to Boston & New England	15½	"
	30½	"

[169] April 26, 1889, the Lake Shore & Michigan Southern Railway and Michigan Central Railroad answered, claiming that the complaint, in the facts stated therein shows nothing done by either of the companies in contravention of the Act to Regulate Commerce; that all joint and through tariffs established or rates charged by said companies respectively with the New York Central & Hudson River Railroad Company and the Boston & Albany Railroad Company since April 7, 1887, from Chicago and other western points to Boston and Boston points have been duly published, and filed with the Interstate Commerce Commission, and such rates and charges are and have been just and reasonable, and not unjustly discriminative against any description of traffic, nor against any person, firm, corporation or locality, thereby bringing about any undue or unreasonable prejudice.

Deny that respondents are associated together as one line of road, in making and charging the differential from Buffalo east, or that they are party to any arrangement by which a differential from Buffalo to Boston and Boston points of only two and one-half cents per hundred pounds, is charged over New York rates, on classes of freight below second class. Deny that at New York there is a terminal charge of three cents from western points; allege that circumstances and conditions exist which render a higher through rate from points on the Lake Shore & Michigan Southern, and Michigan Central roads, to Boston and New England points which take Boston rates, than to New York just, proper and reasonable. That some of such circumstances are clearly and truthfully stated in the report and opinion of the Interstate Commerce Commission in the matter of the Boston Chamber of Commerce against The Lake Shore & Michigan Southern, The New York Central & Hudson River and the Boston & Albany Railroad Companies, decided February 15, 1888, which report and opinion and the facts and conclusions therein contained are made a part of the answer.

On the 4th of May, 1889, The New York Central & Hudson River Railroad Company and the Boston & Albany Railroad Company jointly answered that the complaint did not show that anything had been done by either of them in contraven [170] tion of the Act to Regulate Commerce. That all joint through tariffs made since April 7, 1887, have been duly published, and filed with the Interstate Commerce Commission, and the rates and charges thereunder, are just and reasonable, not unjustly discriminative, and do not subject any particular person, firm, corporation or locality to any undue or unreasonable prejudice or disadvantage in any respect whatever; nor do they bring to anyone an undue or unreasonable preference or advantage.

Deny any association together of the roads named to charge the differential charged to Boston, over that charged to New York, but allege that tariffs have been, from time to time, filed and published, and observed, containing the differential, and making rates which are just and reasonable, not unjustly discriminative, neither giving undue preference or advantage, nor subjecting anyone to undue prejudice or disadvantage. Deny, that out of all rates from western points to New York there is taken a terminal charge of three cents per 100 pounds.

Allege that circumstances and conditions exist which justify the differential, some of which are set forth in the report and opinion of the Interstate Commerce Commission, cited by the other defendants, being the case of Boston Chamber of Commerce against a part of these defendants, which report and opinion, facts and conclusions, are set forth as part of its answer.

June 7, 1889, complainants filed an amended complaint which substantially is the same as the original complaint in all material and pertinent allegations.

To this amended complaint answers were filed as follows: The Lake Shore & Michigan Southern Railway Company, June 24, 1889. The New York Central & Hudson River Railroad Company and Boston & Albany Railroad Company July 12, 1889, but no new issues are raised by the amended complaint and answers.

At a session of the Interstate Commerce Commission held at Toledo, Ohio, May 24, 1889, the Detroit Board withdrew from the complaint and, being permitted so to do, ceased from that time to be a party complainant.

* * * * * * * * * * * *

On the 8th September, 1891, Mr. Smith enclosed memorials of the Board of Trade of the city of Detroit, the Produce Exchange of Toledo, and on October 7, 1891, the memorial of the Millers' National Association of the United States, Milwaukee, Wisconsin; also memorials of the Board of Trade of Hartford, Conn., Providence, R. I., Indianapolis, Ind., The Omaha Commercial Association and the Board of Trade of the city of Peoria. They all ask an order forbidding the further imposition of this differential on all articles in class six of the railway freight association and claim that whatever potent reasons may have existed in time past for the differential under present conditions they have entirely lost their force and validity.

That neither adverse grades nor curves nor distances in New England justify such additional charges.

That while originally the added rate must have been given to the New England roads, now it is pro-rated from the west to points of destination, and thus the railways are charging this freight on precisely the same commodities to Boston from the same points in the same trains in excess of the rate to New York and other points.

The Commission is thus brought to consider the case upon a record of rather doubtful character as to the evidence adduced, but upon consideration, and for reasons hereafter given, are led to believe that the record, as it now stands, presents sufficient to enable an intelligent answer to the inquiry raised by the complaint, which is, whether or not the arbtrary differential in rates between Boston and New York is reasonable and just, and whether it gives any undue preference or advantage to any particular locality, and whether it is unjustly discriminative.

In No. 251, *Edward Kemble* v. *The Lake Shore & Michigan Southern Railway Company, The New York Central & Hudson River Railroad*

Company, and *The Boston & Albany* [173] *Railroad Company,* the same or a similar question is involved.

This complainant alleges that he is located at Boston, Mass., carrying on the grain and flour business under the firm name of Kemble & Hastings.

That the roads named as defendants by joint arrangement form continuous lines from Chicago to New York City or from Chicago to Boston *via* Albany; the Lake Shore & Michigan Southern from Chicago, Illinois, to Buffalo, N. Y., a distance by its line of 538 miles, the New York Central extending from Buffalo to Albany 301 miles and thence to New York City 145 miles and the Boston & Albany from Albany, N. Y., to Boston, Mass., 201 miles. That ever since April 5, 1887, the defendants have been engaged in transporting flour and grain by a continuous carriage from Chicago to New York City and also to Boston, and are subject to the Interstate Commerce Law.

That great quantities of flour and grain go from Buffalo to New York and other great quantities from Buffalo to Boston, but as to each the transportation thereof by the Lake Shore & Michigan Southern Railway is and has been a like and contemporaneous service of a like kind of traffic under substantially similar circumstances and conditions.

That as to all these shipments from Chicago to Buffalo and thence to Boston the rates are and have been unjust, unreasonable and unjustly discriminating.

That the rate per hundred pounds and the rate per carload to Buffalo on Boston bound flour and grain, has exceeded the rate over the Lake Shore & Michigan Southern Railway on New York bound flour and grain over the same road, 2 cents per hundred pounds and about six dollars per carload.

That it cost no more to ship flour and grain from Chicago to Buffalo when Boston bound than when New York bound. That the continuous through rate from Chicago by defendant's line to New York is 25 cents per 100 pounds, or seventy-five dollars per carload of 30,000 pounds, while to Boston the rate is 30 cents per hundred pounds, or ninety dollars per carload of 30,000 pounds, and of this excess the [174] Lake Shore & Michigan Southern Railroad receives about six dollars per carload, for no extra service whatever.

That three cents per hundred pounds is deducted from New York rate for lighterage, so that said Michigan Southern road receives $36.08 for hauling the New York car, and at the same time receives $46.56 for hauling the Boston car.

That the charge from Chicago and other points west of Buffalo and between Chicago and Buffalo to Buffalo, is not made to depend upon

cost and other legitimate circumstances and conditions, but upon the ultimate destination, whether New York or Boston. That the foregoing rates are contrary to the Interstate Commerce Law, and especially in contravention of the first, second, and third sections thereof; and prays an order restraining the roads from doing the acts alleged.

February 7, 1890, the Boston & Albany Railroad answered, referring to and making its answer in the cases of the complaints of the Boston Chamber of Commerce, Nos. 61 to 63, of 1887, a part of its answer in this case.

Also alleges that Edward Kemble, the petitioner in this case, was one of the committee of the Boston Chamber of Commerce in the cases above referred to; that petition being filed July 22, 1887, and appearing in Interstate Commerce Reports, vol. 1, 391. That on page 754 of said Report is found the decision of the Commission dismissing the petition.

That there is no substantial difference between the complaints set out in the petitions filed in these cases and in this case that no new circumstances are alleged, and asks that the complaint be dismissed.

February 24, 1890, the New York Central & Hudson River Railroad Company filed its answer, declining to admit petitioner's statement as to petitioner's occupation and the name of his firm.

Alleges that the line of the Lake Shore & Michigan Southern Railroad extends from Chicago to Buffalo, 538 miles, there connecting with respondent from Buffalo to New York, 446 miles, and at East Albany and by the Boston & Albany Railroad, 201 miles, to Boston, forming continuing and connecting lines to Boston and New York from Chicago.

[175] Admits that since April 5, 1887, it has been extensively engaged in the transportation of flour and grain in a continuous carriage thereof from Chicago and that it and its connecting lines are subject to the provisions of the Interstate Commerce Act.

That all the grain and flour from Chicago to Boston and New York by the continuous lines formed by respondent and its co-respondents has passed over the Lake Shore & Michigan Southern Railway, whether to Boston or New York.

Denies all other allegations of the petition except that it admits that the charge from Chicago to New York on sixth class merchandise is 25 cents per one hundred pounds or seventy-five dollars per carload of 30,000 pounds. That when the service is performed three cents per hundred pounds for lighterage is deducted before a division is made of the earnings for the continuous haul from Chicago or other points west of Buffalo; that the charge to Boston for the transportation of sixth class merchandise is 30 cents per hundred pounds or ninety dollars per carload. That the rate on sixth class merchandise from Chi-

cago to Boston carried by water to points on the coast east of Portland is the same as the rate from Chicago to New York. Further answering this defendant gives as reasons for the difference in rates from Chicago to Boston as compared with rates from Chicago to New York that such difference is just and reasonable by reason of longer distance from Chicago to Boston, increased cost of service from East Albany to Boston, heavier grades, smaller trains, greater number of engines, larger expenditures in fuel and for train service, longer detention of cars, greater volumes of business to New York than to Boston, greater storage facilities in New York, greater competition between the greater number of lines of railway to New York, competition of water lines reaching New York; that the lesser rate to points on the coast east of Portland, Maine, is just and reasonable and made proper and necessary by reason of competition of rail and water lines reaching those points.

That all these matters were fully proved and investigated by the Commission in the complaint No. 61 of *Boston Chamber of Commerce* v. *These Respondents;* No. 62, *Same* v. **[176]** *This Respondent,* and No. 63, *Same* v. *New York Central & Hudson River Railroad Company.* That petitioner was the chief promotor of those complaints, verified the petitions and should be estopped by the opinion and decision upon said complaints.

February 14, 1890, the Lake Shore & Michigan Southern Railroad filed its answer substantially similar to the answer of the New York Central road. This case was heard at Washington, June 6, 1890.

* * * * * * * * * * * *

It is, and for many years has been, the custom of the various lines of railway leading from Chicago and other points between Chicago and Boston and west of Buffalo to make the Boston rate by adding to the New York rate an arbitrary **[179]** additional rate styled in this record a differential of ten cents per hundred on first and six cents per hundred on second class freight and five cents per hundred on third, fourth, fifth and sixth class freight.

The articles of flour and grain are in the sixth class and subject to an arbitrary differential of five cents per hundred pounds to Boston as compared with New York.

This differential is based upon the greater distance to Boston from Chicago and other western points, heavier grades, smaller trains necessitating increased expenses, the train service and other conditions. At the time the differential was established by arbitration the rates were much higher than now, and as rates generally have lowered, the arbitrary being fixed, the percentage has risen from 10 per cent. increase *then,* to 20 per cent. *now.*

The shipments here considered from Chicago to Boston are made over the lines of the defendants, namely: from Chicago to Buffalo over the Lake Shore & Michigan Southern line; and the New York Central & Hudson River Railroad Company from Buffalo (at that point connecting with the Lake Shore road), to Albany on the Hudson River, and crossing by a bridge over the Hudson River to East Albany, thence to New York its southern terminus; it also connects with the Boston & Albany, at East Albany, and freight is carried on the latter line to Boston.

The length of haul from Chicago to Buffalo *via* Lake Shore & Michigan Southern is	538	miles
From Buffalo to East Albany *via* the New York Central & Hudson River Railroad	301	"
East Albany to Boston *via* Boston & Albany	201	"
	1040	"

The rate from Chicago to Boston is a little less than 6 mills per ton per mile.

There are a great many rail routes from Chicago to Boston made up of the following lines:

Michigan Central Railroad,
Lake Shore & Michigan Southern Railway,
Chicago & Grand Trunk Railway,
Grand Trunk Railway,
Chicago & Erie Railroad,
Pittsburgh, Fort Wayne & Chicago Railway,
Pittsburgh, Cincinnati, Chicago & St. Louis Railway.
Pennsylvania Railroad,
Wabash Railroad,
New York, Chicago & St. Louis Railroad,
New York Central & Hudson River Railroad,
New York, Lake Erie & Western Railroad,
West Shore Railroad,
Delaware & Hudson Railroad,
Delaware, Lackawanna & Western R. R.,
Canadian Pacific Railway,
Canada Atlantic Railway,
New York, New Haven & Hartford Railroad,
New York & New England Railroad,
Rome, Watertown & Ogdensburg Railroad,
Central, New England & Western Railroad,
New York, Providence & Boston Railroad,

Fitchburg Railroad,
Boston & Albany Railroad,
Boston & Providence Railroad,
Central Vermont Railroad,
Boston and Lowell Division, Boston & Maine Railroad,
Cheshire Railroad,
Boston & Maine Railroad,

These lines all afford to their shippers the same rate as is given by the respondents.

The rate from Chicago to New York and Boston on the several classes of freight is given below.

Class.	To New York.	To Boston.
1st	75	85
2nd	65	71
3d	50	55
4th	35	40
5th	30	35
6th	25	30

[181] The carload rate is as follows on flour and grain (sixth class) 30,000 pounds to the car:

Chicago to New York $75.00
Chicago to Boston 90.00

The method of division of the through rate which is collected as a single rate from the shipper, is such that, on a car of flour or grain from Chicago to Buffalo bound to New York, the share or allotment of the Lake Shore & Michigan Southern road is $41.00, and its share or allotment for a similar car to Boston is $46.55.

With reference to all goods or freight originating at Buffalo and destined to Boston the differential is 2½ cents per hundred and not five cents.

The lighterage charges on shipments to New York and East Boston respectively are as follows:

To points in New York harbor other than New York Central Railroad Stations, per hundredweight 3 cents; to East Boston for export charges per bushel as follows:

Via Warren Line ....½ cent
Other Lines ....⅝ cent
and Wharfage charge of ....½ cent per bushel

Lighterage and wharfage charges are paid by the carrier and deducted before division of the through rate.

The Lake Shore & Michigan Southern Road earns on a carload of corn, wheat or flour to

New York	$41.00
To Boston	46.56
Difference	$5.56
On a carload of bacon to New York	$45.92
To Boston	49.66
Difference	$3.74

A carload of wheat or corn from Chicago to New York, 30,000 pounds pays $75.

[182] Divided as follows:

Lake Shore & Michigan Southern	$41.00
New York Central	34.00

On a carload of wheat or corn from Chicago to Boston rate $90.00.

The Lake Shore earns	$46.55
The New York Central	26.05
The Boston & Albany	17.40

The receipts of grain and flour at New York from April 1st to October 31st in the year 1886 were as follows:

Grain	65,958,263 bushel
Flour	3,206,008 "

For the year 1887:

Grain	65,492,262 bushel
Flour	3,373,520 "

The bushels of flour and grain received at Boston during the year 1886 were 35,865,063.

Percentage of the total amount of grain and flour received at the six great Atlantic ports respectively by New York and Boston:

At New York	52.5
At Boston	14.4
New York exported percentage	47.4
Boston	10.8

The competitive factors operating at New York are very strong. It is the chief seaport of the United States. There great numbers of steamship lines concentrate. It is the preferred port for all vessels coming to the United States. It receives in the season of navigation vast quantities of freight by the water routes and all rates to New York are the result of a fierce and constant competition.

It is evident that the real cause of complaint in each of the cases under consideration is the arbitrary differential to [183] Boston and it is claimed that it is excessive, unreasonable and a discrimination, unjust and hurtful in effect. The rate to New York has been fixed by sharp competition. Its great natural advantages and the water routes which serve it in the transportation of products have not been sufficient to keep the carriers by rail, even though originally built to serve other Atlantic cities, from agreeing upon a common rate to that city from all points which enables them in some degree to share the profits resulting from its carrying trade. The rate from Chicago to New York has become the basis of all through rates to other eastern from western points. No attack is in this case made upon that rate as unreasonable. But for the competition above mentioned that rate would probably be higher. Neither shipper nor carrier has claimed in this case that the New York rate is either too high or too low. It has come to be the fixed unchangeable element that in combination with other sums make the entire body of rates now under consideration. It is claimed that the necessity of competition on the one hand and a due regard to local and other claims on the other hand, years ago brought differential rates into existence and that their amount has been determined, after a most careful study of distances, cost of service, differing seaport advantages, the effect of water competition, and all the other circumstances and conditions which experience has taught practical men to regard as affecting the question of rates.

It is apparent that the New York rate being the fixed quantity or base of every rate under consideration an error in the variable quantity will produce an unreasonable and unjust rate. As the great commercial advantages of New York are distributed and granted in some measure to the whole country, by making the New York rate the basis of all rates, so by an imperfect or disproportionate adjustment of the amount of the variable, or differential the place affected by the particular rate may be deprived of some portion of the advantage fairly belonging to it from its enjoyment of the base rate, and the rate to that extent become excessive and unreasonable to that locality. So it seems that while the New York rate, plus the differential, may produce a rate that is not in itself unrea[184]sonable, standing alone, and not contemplated in its relation to other rates, yet the question of the reasonableness of the rate depends upon the differential being fixed at a just and reasonable percentage.

In the case of the Toledo Produce Exchange, *et al.*, against the defendants the specific complaint is against the differential charge above the New York rate on classified freight from all western points to Bos-

ton and Boston points, and further that while making the differential charge of five cents per hundred on 3d, 4th, 5th, and 6th class freight from Chicago to Buffalo the differential from Buffalo to Boston is only 2½ cents. No explanation of this latter fact which seems to be clearly established by the evidence has been afforded by any of the witnesses, and one witness at least who showed great intelligence and long experience in rate making frankly admitted that he was incapable of giving any good reason for it. Without giving too much importance or prominence to the fact, it may be noted as having some bearing upon the question as to whether the long established Boston differential is in excess of what it should be. While Mr. Kemble in his complaint attacks the differential on the ground that it cannot be right for the reason that it is so distributed amongst the carriers in question that there is awarded or divided to one of the carriers more money for carrying the same kind of freight in the same train in the same direction the same distance over the same line in carloads when the car goes to Boston than to New York thus giving to destination the force of a circumstance justifying a greater charge for an exactly similar service and urges that the differential is therefore unjust and unjustly discriminative, yet it is evident even in his case that it is the differential that he attacks. In the case of the Toledo Produce Exchange and others against the defendants the attack is directly made upon the differential and upon certain combinations of rates from western points to Buffalo and thence to Boston. As to the report of the case of *The Boston Chamber of Commerce* v. *The Lake Shore & Michigan Southern Railway Company and others* (*ante*, p. 113) it is found that while concurring in the result reached in that case which was a denial to Boston of equality of rates with New York **[185]** for east-bound local shipments to Boston and that the existing rates had not in that case been shown "to be unjust or unreasonable in themselves, or relatively, and the petitioners had not shown unjust discrimination against Boston and in favor of New York by reason of those rates," yet two of the Commissioners expressly recorded their condemnation of the use of an arbitrary in fixing the Boston rate. They said: "An arbitrary of 5 cents per hundred is ten per cent. of a 50 cent rate and 20 per cent. of a 25 cent rate. The same proof which might show this arbitrary was just when the New York sixth class rate was 50 cents would demonstrate that it is unjust now. No facts have been shown which would justify a doubled disparity at one time as compared with another. It further appears that the Chicago arbitraries of 10 cents on the two upper classes and 5 cents upon the remainder are enforced on business consigned to Boston from all points west of Buffalo while at Buffalo the amount of the ad-

dition is summarily reduced one-half * * * the method pursued by the carriers in ascertaining the amount of difference is crude and unsatisfactory. The result is well named an "*arbitrary.*"

By the use of an arbitrary sum there is no proper proportion maintained, if the New York rate changes; thus, if the grain rate to New York were fifty cents the present arbitrary would make the Boston rate 10 per cent. greater; and if the New York rate should be 15 cents the use of the present arbitrary would make the Boston rate 33 per cent. greater.

The following table shows the present rates from Chicago to Boston and New York and the percentage of increase of the Boston over the Chicago rate:

	Classes.					
	1	2	3	4	5	6
To New York	75	65	50	35	30	25
To Boston	85	71	55	40	35	30
Boston percentage of New York rate	113	109	110	114	117	120

an average per cent. of 113.

[186] In 1882 the New York rate from Chicago upon the classes as near as they can be ascertained were as follows:

Classes.					
1	2	3	4	5	6
1.00	85	70	60	50	30

In the use of an arbitrary differential it will be noted that the percentage of increase greatly differed in 1882 from the present time.

The increments of rates to and from all points east of the Mississippi River and north of the Ohio are made by a percentage obtained with reference to rates to and from New York and other Atlantic or seaboard cities. The rates from Chicago to New York are taken as the basis and the rates to and from other points indicated are generally governed by the relative mileage of such points to the Chicago mileage. This relative mileage is sometimes determined upon the short line distance, at other times upon the long line distance, and sometimes upon average distance of all routes. It may be also noted that sometimes constructive mileage is thrown in as an element upon which to compute the percentage.

It is ascertained that under the long mileage or the average mileage of all routes the resulting percentage of the New York distance would give to Boston a higher rate than is now charged by the addition of an arbitrary. But it is believed that the general and proper method is to compute upon the short line distance, the case of departure therefrom

being exceptional in their character and themselves in the nature of an arbitrary.

The short line distance from Chicago to New York is 912; from Chicago to Boston 1,001 miles. The Boston distance is accordingly 109.8 per cent. of the New York distance or say 110 per cent.

Applying this basis alike to all classes under the custom adopted for other rates the rates to Boston on each class would be, reckoning Boston at 110, as follows:

	Classes.					
	1	2	3	4	5	6
Chicago to Boston	82½	71½	55	38½	33	27½
Producing reductions as follows:	2½	0	0	1½	2	2½

and an advance on second class freight of one-half cent.

In view of the fact that relative distances are generally considered in constructing rates it is believed that the arbitrary differential between Boston and New York should be abandoned and that the differential should be adjusted upon the basis of percentage and that the percentage for Boston, assuming New York rate as 100, should be 110.

Complaint is also made that the rates from western points to Boston are not in due proportion and especially that certain combinations of rates appear to be unjust, showing that the combination through Buffalo to Boston is considerably less than the combination through Detroit or Cleveland. A table here set forth will show the rates from several of the principal western points to Toledo, Detroit, Buffalo, New York and Boston.

Grain Rates from Various Western Points to Toledo, Buffalo, New York and Boston.

From	Toledo, Ohio.	Detroit, Mich.	Buffalo, N. Y.	Pittsburgh, Pa.	New York, N. Y.	Boston, Mass.
	6th Class Rate.	6th Class Rate.	6th Class Rate.	6th Class Rate.	6th Class Rate.	6th Class Rate.
Cleveland, Ohio			8		17½	22½
Erie, Pa.			6			
Toledo, Ohio			10	11	19½	24½
Detroit, Mich.			10	12	19½	24½
Peoria, Ill.,	13	13	17	17	27½	32½
Columbus, Ohio			9½	9	19	24
Indianapolis, Ind.	10	11	14	13	23	28
East St. Louis, Ill.	14	14	18½	18	29	34
Buffalo, N. Y.					13	15½
Pittsburgh, Pa.					15	
Chicago, Ill.	09	09	15	15	25	30

[188] From the rates given in this table it will be seen that the combinations based on Buffalo produce lower rates from western points to Boston and New York than a combination of the rates *via* Detroit and Toledo. For example:

Chicago to Toledo	9 cents
Toledo to Boston	24½ cents
Total	33½ cents
Chicago to Buffalo	15 cents
Buffalo to Boston	15½ cents
Total	30½ cents
Chicago to Toledo	9 cents
Toledo to New York	19½ cents
Total	28½ cents
Chicago to Buffalo	15 cents
Buffalo to New York	13 cents
Total	28 cents

Although the combinations through Buffalo are shown to be somewhat lower than the combinations shown through Detroit or Toledo, it should be borne in mind that the through rate from each western point in the territory in question to New York and Boston, whether the traffic is routed *via* Toledo, Detroit, or Buffalo, is in all cases lower than the combined rates *via* either of these points as shown above. The various combinations may be made from the table, which also shows the through rates. It is suggested that the share of the through rate accruing to the different roads in the route need not be here considered; the complaint involves the whole rate. Upon this point attention is invited to page 453 of the decision in the case of *The Boston Chamber of Commerce* v. *The Lake Shore & Michigan Southern Ry. Co., et al.* (*ante*, p. 126).

"Such adjustments may not be on the exact basis of cost of service in any case, and many other considerations may influence the parties in making them. The fact may be, therefore, that the Lake Shore road and the New [189] York Central road may each receive more in amount of the through rate to Boston from Chicago than to New York for the respective hauls to Albany, although the service to that point is identical, but the through rates are charged for the entire haul to the final destination and are not governed by the service to some intermediate point in the line or where the line diverges to different destinations."

The question involved appears to be the through rate as affected by the arbitrary differential and it is not apparent that the question of rate combinations are pertinent or properly comparable with the through rate, except for limited purposes.

The question of lighterage at New York has been made quite prominent in the arguments, and it is urged that as lighterage at New York to certain station points of the New York Central is 3 cents per hundred pounds and paid by the carrier, that the real rate to New York is 25 cents per hundred less 3 cents lighterage or to the shipper 22 cents, and that the comparison ought to be between a 22 cent rate to New York and a 30 cent rate to Boston making the differential to Boston 8 cents and not 5 cents.

This position is not believed to be tenable. The three defendants carrying on a continuous line made up of their three several lines fix a through rate for the shipper. If lighterage becomes necessary to complete the carriage they pay it out of the freight money paid by the shipper and then divide or allot what is left. The rate to the shipper is 25 cents and it seems it can make no difference to him or to the public as to the method by which the carriers adjust this common expense of lighterage in settlements between themselves.

The conclusion, therefore, is reached by the Commission that the arbitrary differentials of five cents per hundred on all classes of freight below second class, of six cents per hundred on second class and of ten cents per hundred on first class are excessive, unjust, unreasonable and partake of the nature of an unjust discrimination against Boston and New England points [190] and against shippers of the character of freight included in the six classes from points east of Chicago and west of Buffalo to Boston and New England points and that the differential should no longer be made by an arbitrary sum added to the New York rate, but that said differential should be made by adding a percentage to the New York rate.

In the two cases under consideration some reference has been made to the equal charges from interior points to New York and Boston when articles are intended for export, and also to the extension of the Boston rate to Portland and points east of Portland, and to the allowance of a reduction to Boston dealers in grain and flour equal to the excess of the domestic over the export rate to Boston when they reship the same articles to Portland and points east of Portland, but nothing has been determined as to those matters, it being deemed desirable to consider the difference in charge to Boston in excess of the charge to New York alone and upon its own merits, entirely disconnected from any question which might arise from considerations not necessarily in-

volved in an inquiry as to the Boston difference, styled in this record the Boston differential.

It is plainly seen that the effect of the proposed change may be far reaching and may affect places and rates in a manner not now anticipated and it appears that many other lines than those operated by the defendants are interested in and may be seriously affected by the proposed change.

In *Rend* v. *Chicago & Northwestern R. Co.*, 2 Inters. Com. Reports, p. 313, it is said with reference to the proposition that the law is satisfied when a rate is reasonable and fair that: "An exception arises, when rates are so constructed that injustice is wrought by reason of their relation to other rates notwithstanding that the rate challenged may not of itself be unreasonable," but it is added: "The question, however, of relative injustice * * * must be viewed upon broader grounds than a mere balancing of one rate against another. The entire field likely to be affected by any proposed change must be kept in view and if upon the whole, more injustice and trouble are likely to result from making the change than from declining to make it the Commission should hesitate to interfere."

The evidence is to the effect that a change in this rate will [191] affect the rate at a great many different points both eastern and western. It would be unfortunate if in seeking to bring about equality the result should be to bring about injustice and greater inequality. To the end therefore, that every interest involved may be fully protected and that the fullest possible light may be brought to bear upon the question, it is ordered that a copy of this report, and the conclusion of the Commission with reference to the Boston differential be served upon the respondents and each of them and upon the other roads interested, namely upon the:

Michigan Central Railroad,
Lake Shore & Michigan Southern Railway,
Chicago & Grand Trunk Railway,
Grand Trunk Railway,
Chicago & Erie Railroad,
Pittsburgh, Fort Wayne & Chicago Railway,
Pittsburgh, Cincinnati, Chicago & St. Louis Railway,
Pennsylvania Railroad,
Wabash Railroad,
New York, Chicago & St. Louis Railroad,
New York Central & Hudson River Railroad,
New York, Lake Erie & Western Railroad,
West Shore Railroad,

Delaware & Hudson Railroad,
Delaware, Lackawanna & Western Railroad,
Canadian Pacific Railway,
Canada Atlantic Railway,
New York, New Haven & Hartford Railroad,
New York & New England Railroad,
Rome, Watertown & Ogdensburg Railroad,
Central New England & Western Railroad,
New York, Providence & Boston Railroad,
Fitchburg Railroad,
Boston & Albany Railroad,
Boston & Providence Railroad,
Central Vermont Railroad,
Boston and Lowell Division Boston & Maine Railroad,
Cheshire Railroad,
Boston & Maine Railroad,

[192]—and that they or either of them, or any other carrier subject to the law regulating commerce, affected by the proposed change, be given twenty days from the service of this report to show cause by answer why an order should not be made commanding them, and each of them, and all carriers engaged in interstate commerce subject to the law regulating commerce, to desist from charging, on all classified freight carried by them from Chicago and intermediate points between Chicago and Buffalo to Boston, an arbitrary differential above the New York rate of 10 cents per hundred pounds on first class freight, six cents per hundred pounds on second class freight, and five cents per hundred pounds on the third, fourth, fifth and sixth class freight, and that hereafter the Boston rate from Chicago and points west of Buffalo to Boston and New England points shall be made by adding to the New York rate (as differential) an increase of 10 per cent., and that if within the time named in this order no such answers are filed, then an order shall issue fixing the Boston differential at 10 per cent. increase over the New York rate as herein outlined and indicated.

NEW YORK PRODUCE EXCHANGE

v.

THE BALTIMORE & OHIO RAILROAD COMPANY, ET AL.

7 I. C. C. 612.

NEW YORK PRODUCE EXCHANGE

v.

BALTIMORE & OHIO RAILROAD COMPANY, ET AL.

DECIDED APRIL 30, 1898.

(7 I. C. C. 612.)

1. Railway companies may make whatever rates, from whatever lines, and establish whatever differentials they deem best for the purpose of securing and conducting transportation, provided the just interests of the public are not sacrificed thereby, and whether in so doing they act wisely or unwisely, fairly or unfairly between themselves, is not for the Commission to determine; the jurisdiction of the Commission is confined to inquiring whether the situation which the carriers have created is in violation of the Act to Regulate Commerce.
2. Railway companies are not prohibited by section three of the Act from preferring one locality over another unless the preference is undue or unreasonable, but a preference which is without legitimate excuse is, in and of itself, undue and unreasonable.
3. Under decisions of the United States Supreme Court,—Import Rate Case, *Interstate Commerce Commission* v. *Texas & P. R. Co.*, 162 U. S. 197, 40 L. ed. 940, 5 Inters. Com. Rep. 405, and the Troy Case, *Interstate Commerce Commission* v. *Alabama Midland R. Co.*, 168 U. S. 144, 42 L. ed. 414,—railway competition may, but it does not necessarily, justify a preference to a particular locality or commodity; and therefore, granting that discrimination against a locality which is based on such competition is excusable in theory, the question still remains whether under the third section it is undue or unreasonable; and that question is one of fact in each case.
4. Carriers frequently disregard distance in making their rates, and they may lawfully do so under some circumstances; but distance should be regarded whenever possible, and no previous decision is authority for a ruling that a carrier may be compelled to disregard it for the purpose of placing two communities upon a commercial equality.
5. Upon complaint brought on behalf of New York City, and alleging that differentials, allowed by the defendant carriers on grain, flour and provisions from Chicago and other western points, of 2 cents to Philadelphia and 3 cents to Baltimore below the rates to New York, are unlawful under Section 3 of the Act to Regulate Commerce,—*Held*, That the differentials are legitimately based upon the competitive relations of the carriers, that it does not appear upon the present record that the carriers have exceeded the limit within which they are free to determine for themselves, and, accordingly, that the differentials complained of do not result in unlawful preference or advantage to Philadelphia or Baltimore over the City of New York.

[614] *John D. Kernan* and *Baldwin & Blackmar*, for complainant.

Hugh L. Bond, Jr., for Balto. & Ohio System and Receivers.

James A. Logan, George V. Massey, John G. Johnson and *Evarts, Choate & Beaman*, for Penna. System.

H. T. Wickham, for C. & O. Ry. Co.

R. W. de Forest, for Central R. R. Co., of N. J.

Samuel Hoar, for Boston & Albany R. R. Co.

S. E. Williamson, for N. Y. C. & St. L. Ry. Co.

Frank Loomis, for N. Y. C. & H. R. R. R. Co.
Ashbel Green, for West Shore R. R. Co.
Francis I. Gowen and *F. H. Janvier*, for Lehigh Valley R. R. Co.
George C. Greene, for L. S. & M. S. Ry. Co.
John B. Kerr, for N. Y. O. & W. R. R. Co.
Henry Russell and *Ashley Pond*, for Mich. Cent. R. R. Co.
J. D. Campbell, for Phila. & Reading R. R. Co. and Receivers.
G. M. Cumming, for Erie System.
E. W. Strong, for B. & O. S. W. Ry. Co.
T. J. O'Brien, for Grand Rapids & Indiana R. R. Co.
Silas W. Pettit, for Trades League, Board of Trade and Commercial Exchange of Philadelphia.
Sherman Hoar, for Boston Chamber of Commerce.
William A. Fisher, for Baltimore Chamber of Commerce.

REPORT AND OPINION OF THE COMMISSION.

PROUTY, *Commissioner:*

The New York Produce Exchange, the complainant in this matter, is a corporation under the laws of New York, composed of merchants residing in the city of New York and interested largely in the handling of grain and other produce at that point. No question is made as to its competency to commence and maintain this proceeding.

The defendants are various railroad companies engaged in the interstate transportation of freight, including grain and other produce, to New York and various other points upon the Atlantic seaboard. They admit that, with respect to such transportation, they are subject to the Act to Regulate Commerce.

[615] The complainant attacks by its complaint certain differentials in freight rates upon the ground that they unduly prefer Boston, Philadelphia, Baltimore, Newport News and Norfolk as localities to the locality of New York. The Boston Chamber of Commerce, the Baltimore Chamber of Commerce and certain trade organizations in Philadelphia have intervened upon the ground that the commercial interests which they represent are or may be affected by the proceeding. Norfolk and Newport News have not been represented at any of the hearings.

Upon the trial the issue apparently narrowed itself to one between New York, Philadelphia and Baltimore. The Boston Chamber of Commerce appeared upon the first hearing in New York, but did not appear at any subsequent hearing, nor did it ask to be heard upon final argument. This seems to have been upon the assumption that the complainant made no question as between itself and Boston. That is, New

York does not ask to be allowed a differential upon export traffic as against Boston. Neither do we understand that it has been suggested in this case that a different differential should be applied to Norfolk and Newport News than is applied to Baltimore. The controversy is really between the three cities, New York, Philadelphia and Baltimore. Whenever facts with reference to Boston, Newport News and Norfolk are stated, they are only given to make the statement complete as bearing upon the controversy between these three localities.

It incidentally appears that Boston has two rates,—an export and a domestic rate. The legality or propriety of these different rates was not referred to in the discussion of the case, and is not considered in its disposition. The differentials in question are those upon east-bound freight traffic to the above-named cities. There is no dispute as to the rates. Taking the rate to New York as a basis, the rate to Philadelphia is 2 cents per hundred pounds lower, all classes; and to Baltimore 3 cents per hundred pounds lower, all classes. Norfolk and Newport News take the Baltimore rate, and upon export traffic, Boston takes the New York rate.

The rate itself frequently varies, but the differentials are at all times and upon all classes the same. The rates complained of in this proceeding are those upon grain, flour and provisions, and [616] these rates from Chicago at the time of the filing of the complaint were as follows:

To	Grain.	Flour.	Provisions.
New York	20 cts.	20 cts.	30 cts.
Boston (for export)	20 cts.	20 cts.	30 cts.
Philadelphia	18 cts.	18 cts.	28 cts.
Baltimore	17 cts.	17 cts.	27 cts.
Newport News	17 cts.	17 cts.	27 cts.
Norfolk	17 cts.	17 cts.	27 cts.

For the purpose of making the rates from various points in the middle west to the Atlantic seaboard, the Chicago-New York rate is taken as a basis, the rate from the other points being a per cent. of this rate. Thus the rate from Detroit, Mich., is 78 per cent., from Indianapolis, Ind., 93 per cent., from East St. Louis, Ill., 116 per cent., and from Rock Island, Ill., 122 per cent. The rate from any one of these points to Philadelphia, Baltimore, Norfolk or Newport News is made by subtracting from the New York rate the fixed differential above given.

The territory within which rates are computed upon the basis of the New York-Chicago rate is that bounded, roughly speaking, by the Mississippi River upon the west, the Ohio River upon the south, a line drawn about due north from Pittsburgh upon the east, and the Great Lakes upon the north, excluding most of the State of Wisconsin. Not only do the differentials affect all traffic which originates in this terri-

tory, but also all traffic which passes through this territory upon its way to the Atlantic seaboard.

The complaint also attacks what are known as the ex-lake differentials. Large quantities of freight, especially grain and flour, are brought through the Great Lakes to various points upon the southern shores of Lake Erie and Lake Ontario, from whence they are transported by rail to the Atlantic seaboard. Upon this a differential is applied of 1 cent per hundred pounds in favor of Philadelphia and Baltimore as against New York. This differential does not seem to apply to provisions. At the time of the filing of this complaint the rates from lake ports to Boston, New [617] York, Philadelphia and Baltimore respectively per hundred pounds were as follows:

To	Grain.	Flour.	Provisions.
New York	11 cts.	11 cts.	16 cts.
Boston (for export)	11 cts.	11 cts.	16 cts.
Philadelphia	10 cts.	10 cts.	16 cts.
Baltimore	10 cts.	10 cts.	16 cts.

Special commodity rates by the bushel were also in effect from these lake ports to the above named cities. They were in lots of 8,000 bushels and over, to one consignee and one destination, as follows:

	Wheat.	Corn.	Barley.	Oats.
New York	5 cts.	4¾ cts.	4¼ cts.	3½ cts.
Boston (for export)	5 cts.	4¾ cts.	4¼ cts.	3½ cts.
Philadelphia	4 cts.	3¾ cts.	3¾ cts.	3 cts.
Baltimore	4 cts.	3¾ cts.	3¾ cts.	3 cts.

It will be seen from the above tables that the regular differential upon grain when shipped in carload lots by the hundred pounds is 1 cent in favor of Baltimore and Philadelphia; when shipped under the special commodity tariff by the bushel it is considerably more, being 1 cent per bushel in the case of wheat and corn and ½ cent per bushel in the case of barley and oats. Grain for export would, of course, always be shipped under the commodity tariff.

Some knowledge of the history of these differentials is necessary to an understanding of the situation. The earliest agreed differential of which the testimony gives any account was that of 1869, by which Baltimore enjoyed an advantage of 10 cents per hundred pounds over New York. It does not appear what the differential in favor of Philadelphia was. In 1870 a war of rates occurred, with the result that the Baltimore differential was reduced to 5 cents per hundred pounds on grain and the lower classes of freight, while upon the higher classes of freight the differential was 10 cents per hundred pounds, and these differentials seem to have continued until about 1876. It does not appear what the differential of Philadelphia upon east-bound traffic was, but

a tariff of November, 1875, gives the differentials upon west-bound traffic as follows:

	First Class.	Second Class.	Third Class.	Fourth Class.	Special Class.
Baltimore	10 cts.	9 cts.	8 cts.	6 cts.	5 cts.
Philadelphia	7 cts.	7 cts.	6 cts.	4 cts.	3 cts.

[618] In March, 1876, this system of an arbitrary differential was abandoned and the lines agreed upon a system of percentage differentials based upon the relative distances from Western cities to Baltimore, Philadelphia, and New York, respectively, taking New York as the basis. Under this agreement the rate from Chicago to Baltimore was 13 per cent. and to Philadelphia 10 per cent. less than to New York, and from Cincinnati to Baltimore 24 per cent., and to Philadelphia 12 per cent. less than to New York.

After a few weeks' experience, the New York Central and the Erie withdrew from this agreement upon the assertion that it was too favorable to Baltimore and Philadelphia. Thereupon another rate war ensued, which terminated in an agreement of April 5, 1877, by which fixed differences in rate were re-established in place of differences based upon relative distances. Under this agreement east-bound differentials from western points were 3 cents to Baltimore and 2 cents to Philadelphia upon all classes. On west-bound traffic the differentials in favor of Baltimore and Philadelphia differed with different classes, and were as follows:

	First Class.	Second Class.	Third Class.	Fourth Class.
From Baltimore	8 cts.	8 cts.	3 cts.	3 cts.
From Philadelphia	6 cts.	6 cts.	2 cts.	2 cts.

It would seem that the contentions between the carriers which had given rise to these differentials were mostly over export traffic, and that the differentials were insisted upon and were allowed for the purpose of permitting the various carriers to enjoy a portion of that traffic. The agreement of April 5, 1877, seems to have been made upon the idea of equalizing the cost of carriage from various interior shipping points to foreign ports. It recognized the fact that ocean freight rates from Baltimore and Philadelphia to such foreign ports were higher than from New York and that inland freights must be correspondingly lower so that the total freight might be the same.

The agreement provided that, upon the giving of certain notice, any party to it might withdraw, and in June, 1880, the New York Central gave notice of withdrawal, stating that the differentials were originally based upon supposed differences in ocean rates, that such differences no longer existed, that there- [619] fore the reasons for the differentials

had ceased to exist and that the differentials themselves should also cease. The Pennsylvania and the Baltimore and Ohio insisted upon the differentials, and the action of the New York Central apparently led to another rate war, which terminated in the latter part of 1881 by a restoration of the differentials of April 5, 1877.

It would seem that the various Atlantic seaports which were served by these different railway lines had taken more or less interest in this subject of differentials. New York insisted that the differentials should be abolished; Philadelphia that there should be no difference between that city and Baltimore; and Baltimore that the differential of 3 cents allowed in its favor was too low; and each city strenuously contended that it was the duty of the railway lines serving that particular locality to insist upon and obtain an adjustment of these differentials in accordance with its views.

Apparently for the purpose of considering the claims of these different communities and perhaps placating the public rather than of settling the question for the carriers, the New York Central, the Erie, the Pennsylvania and the Baltimore & Ohio joined in requesting Allen G. Thurman, Elihu B. Washburne and Thomas M. Cooley to act as an advisory commission for the purpose of investigating and reporting upon the general matter of these differentials. These gentlemen accepted the invitation and entered upon their work in February, 1882.

In their investigation the railroad companies themselves declined to participate further than by furnishing to the commissioners whatever information might be asked for. This commission held sittings in New York, Philadelphia and Baltimore in the east, and in certain cities in the west, heard statements and arguments from the representatives of these various localities, collecting whatever information it could bearing upon the subject, and finally in July, 1882, made a report. This report seems to have been very carefully considered by the commissioners, and, while it deals largely in theory and generalities, it appears to be, as was to have been expected from the character of the gentlemen who signed it, an able and comprehensive review of the situation.

The conclusion at which they arrived was that distance could not be used as a measure of these differentials; neither could **[620]** cost of service. Competition, which embraced these two, and all other factors, if properly conducted through a series of years, was the most reliable guide. Competition, after many years, had resulted in fixing the differentials in force. Those differentials were justified to a certain extent by distance and to a certain extent by cost of service. The purpose of the differential was to equalize the cost of exporting grain and other merchandise through the various ports to which they were ap-

plied. A difference in ocean freight rates from those respective ports, corresponding generally to the inland differentials, was found to exist. Upon the whole, therefore, the commission declined to recommend that the differentials which had been agreed upon should be disturbed.

It will be seen, therefore, that in 1882 the fairness and reasonableness of the present differentials were approved by that board, and those differentials have ever since been in effect.

Manifestly, however, the conditions which determine the fairness of a differential are continually varying. That fact is clearly stated in the above report, in which it is said that if in the future the operation of these differentials should become burdensome to any one of the localities interested, they should be readjusted or abolished. The complainant insists that since 1882 conditions have so changed that, assuming them to have been just then, they are unjust to-day. The complainant's case attacks, first the general fairness of the differential, and seeks to show, second, that the arguments which justified the differentials in 1882 do not justify them to-day.

The complainant asserts at the outset that this difference in rate cannot be justified upon the score of a corresponding difference in distance. It so happens that the shortest distance from Chicago to New York, Philadelphia and Baltimore is in every instance by the Pennsylvania lines, being:

To	
New York	912 miles.
Philadelphia,	822 "
Baltimore	802 "

Merchandise is transported from Chicago to all three of these cities by many other lines, and the distances by these lines vary greatly. It is not deemed essential, however, to state these various distances, in the view we have taken of the application of distance to the disposition of this case.

[621] One thing should, however, be noted in this connection. The distances above given are from Chicago, but by no means all of the traffic involved moves from Chicago, and if distance were to be regarded as a controlling factor and these differentials were to be adjusted upon the basis of distance, it would be necessary to know the relative distances from the point of origin of the traffic. Thus, spring wheat is raised mainly in the States of Wisconsin, Minnesota and the two Dakotas. Now, the complainants say that this section is naturally tributary to New York, and that the spring wheat crop is properly exported through that port. The corn belt lies farther south, and embraces Indiana, Illinois, Missouri, Kansas, Nebraska and Iowa. This territory, the advocates of Baltimore insist, is naturally tributary to

that city, so that the greater amount of corn exports ought properly to go out through that port, and the testimony upon the part of Baltimore tends to show that it is the effort of her merchants to intercept this corn before it ever reaches Chicago and bring it to Baltimore, and that this effort is very largely successful.

For the purpose of showing the point of origin of this traffic as bearing upon the question of these differentials, a statement prepared under the direction of Mr. George R. Blanchard, commissioner of the Joint Traffic Association, was introduced by the complainants. This statement shows the origin of east-bound dead freight which originates at and west of the trunk line termini, including both all-rail and lake and rail traffic, and which is carried to the eastern termini of those lines. It is not deemed material to encumber this finding of facts with that statement. It embraces all the dead freight, and not merely that which is involved in this proceeding. This fact may, however, be noted, that the origin of dead freight is not fixed in its proportions, but continually varies from year to year.

This table extends from 1888 to 1896 inclusive. From it, it appears that in 1888, 15.6 per cent. of such freight originated at Chicago, while in 1896 only 10 per cent. originated there. In 1888, 2.7 per cent. was classified as "unknown and local," while in 1896 this class embraced 14.3 per cent., much more than any other one class. It has already been noted that in this table the traffic in question is so intermingled with other traffic that no definite information is furnished as to it.

[622] The complainant further insists that these differentials cannot be justified upon the basis of cost of service. No direct testimony was introduced upon this branch of the case. The complainant showed from the reports of the Pennsylvania Railroad Company that the cost of movement of all freight upon its lines in the year 1880 was 4.74 mills per ton per mile, and in 1895, 4 mills per ton per mile. Treating this as the cost of moving the commodities in question it would have cost in 1880, 2.13 cents per hundred pounds less from Chicago to Philadelphia than to New York, and 1.80 cents less per hundred pounds in 1895; in 1880, 2.60 cents per hundred pounds less to Baltimore than to New York, and in 1895, 2.20 cents less per hundred pounds. Upon this basis, therefore, the following differentials should have been allowed:

	1880	1895
Philadelphia	2.13 cts.	1.8 cts.
Baltimore	2.6 "	2.2 "

No computation of this sort can be of any value without knowing whether the basis of the computation is correct, or, in other words, whether the cost of moving the grain is as assumed.

In this connection one subject which was much discussed in the testimony may be referred to, since, if it has any force whatever, it is as bearing upon the additional cost of service. This subject is that of lighterage and terminal charges at the port of New York.

Export grain upon arriving at any of these seaports, is either placed in an elevator for storage or transferred directly to the vessel. At all the ports except New York the mode of proceeding seems to be to transfer the grain directly from the car to the elevator upon its arrival, and from the elevator to the vessel, when it is desired, the vessel being brought alongside the elevator for the purpose of receiving the grain.

In New York, upon the other hand, the grain is put in barges and towed to the side of the vessel, where it is transferred by a floating elevator from the barge to the vessel. It seems sometimes to be transferred directly from the car to the barge, but in the great majority of cases it is taken into the elevator in the first instance and from the elevator spouted into a barge in exactly the same way that it would be into the hold of the vessel. [623] The railroad company is at the expense of towing the barge to the side of the vessel, where the owner of the grain receives it and transfers it at his expense into the vessel. There was considerable testimony as to the cost to the railroad company of lightering grain; that is, towing the barge from the dock to the side of the vessel and giving it the four days' storage to which it was entitled, and this testimony is not altogether harmonious.

We find that the expense of this service is about ½ cent a bushel. It costs about the same to transfer the grain directly from the cars to the barge as it does to transfer it into the elevator and thence discharge it into the barges. What this cost is did not appear.

By the agreement of April 5, 1877, it was provided that the terminal charges for the storing and loading of grain should be the same at all the ports, and this charge was then fixed at 1¼ cents per bushel, which has been the charge ever since. As a rule the railroad companies own the elevators in Boston, Philadelphia, Baltimore and probably at Norfolk and Newport News. When, therefore, the carrier transports grain from Chicago to Baltimore and puts it aboard a vessel there, it receives for that entire service the regular freight rate, and in addition the terminal charge of 1¼ cents. At New York the carrier takes the grain into its elevator, discharges it into barges and then tows those barges to the side of the vessel, receiving therefor merely the freight rate. The 1¼ cents per bushel paid for elevating at New York is received by the floating elevator company. It follows, therefore, that the carrier at New York renders for nothing the same service for which it is

paid $1\frac{1}{4}$ cents at all the other ports, and in addition incurs lighterage expenses of $\frac{1}{2}$ cent per bushel.

The interveners strenuously insisted that this additional burden under which the carriers rested at New York in the handling of grain for export justified the imposition of the differential.

It is indicated above that grain is only lightered at the port of New York. This is not quite the fact. Considerable quantities are lightered at Philadelphia, just how much did not appear, and some at Boston. In these cases, as at New York, the expense of the lighterage is borne by the carrier.

The agreement of April 5, 1877, by which these differentials were originally fixed, recognized as their justification the fact that **[624]** the ocean freights to European markets were less from New York than from Baltimore and Philadelphia, and that the inland rates to New York ought to be correspondingly higher in order to equalize the through rate. The Advisory Commission of 1882 found this same condition of things and made that, in some measure at least, a reason for recommending that the differentials be not disturbed. The complainant says that whatever the condition may have been in 1877, or whatever it may have been in 1882, at the present time ocean freights upon grain, flour and provisions are substantially the same from all the ports.

The testimony in this case shows that grain is exported in two ways: first, by full cargo; second, by berth rates. The ocean carriage is said to be by full cargo when the ship is loaded entirely with one kind of merchandise and carries no other freight. It did not appear that flour or provisions were ever exported in full cargo lots, although that may be rarely done. Grain, especially corn, is frequently exported in that way. Sometimes the ship taking the full cargo of grain comes from a foreign port to this country in ballast entirely for that purpose. Oftener it arrives here loaded or partly loaded with some kind of merchandise and seeks a return load. The testimony was that vessels for full cargo business could be chartered at practically the same price to load at either New York, Baltimore, Philadelphia, Norfolk or Newport News. If the vessel comes to the Atlantic coast for the purpose of obtaining and carrying away a cargo of corn, it is difficult to see any reason why it would not transport that corn at the same price per bushel from either of these ports. Nor did the defendants or the interveners seriously contend that this was not ordinarily the case in full cargo business. It was alleged, however, upon the part of the intervenors that there were certain advantages at New York in doing a full cargo business, and upon the part of the complainants that there were certain advantages at the other ports in this class of business.

The great bulk of imports land at New York. If a ship is at New York, having come there with a load of merchandise, it naturally prefers to take its return cargo at that point rather than be to the expense of proceeding to some other port. The testimony showed that it would proceed to any of the other ports from New York, or from any outport to any other Atlantic out-[625] port for about 3/8 of one cent per bushel in the freight rate. Since more vessels seeking return cargoes are consigned to New York than to the other ports this would perhaps constitute a slight advantage in favor of that port.

Upon the other hand, it appears that what are called the port charges are higher at New York than at either Baltimore or Philadelphia. Just what these port charges consist of and just how great a burden they are did not appear, but it costs a vessel more by some degree to enter and load at the port of New York than it does at its sister ports, and to that extent New York rests under a disadvantage in this full cargo business.

So, also, it was claimed that vessels loading at Baltimore, Norfolk and Newport News had during the winter months a certain advantage, in that they could load more deeply than if they cleared from Philadelphia or a port north. It seems that the insurance companies require that the vessel shall not load below a certain line, which is fixed by the Board of Trade of England. This line is the same for all ports during the summer months, but during the winter months vessels are permitted to load deeper when they clear from ports south of Philadelphia than when they clear from Philadelphia or a port north, the line to which they are permitted to load in case of the latter ports being known as "the north Atlantic winter load-line."

It did not appear just what the value of this privilege available at the southern ports was. It would, of course, depend upon the size of the vessel. The testimony tended to show that with the ordinary tramp steamer which engages in this full cargo grain business, the difference would be from $200 to $600 a cargo.

Baltimore and Philadelphia asserted that they were under disadvantages as compared with New York in the matter of distance and in the ease with which a ship put to sea from these respective ports. Thus, it is from Baltimore to the ocean something like 150 miles, and after the ocean is reached, somewhat farther to the foreign port. In the case of Philadelphia low water interferes with a ready passage out to sea, so that the time consumed in waiting for a proper tide is from ten to twenty-four hours. Now, while this is not a serious matter, nevertheless, it does constitute a certain disadvantage in case of these two ports, which is not experienced at New York.

[626] Upon the whole we are of the opinion that, so far as the full cargo business is concerned, there is no appreciable difference in cost, and no appreciable difference in the ocean rate from the three ports, New York, Baltimore and Philadelphia. There might be exceptional cases or exceptional times when the rate would rule a trifle lower from one port than from the other, but we are satisfied that, taking the whole year together, or a succession of years, the expense and the rate must be substantially the same.

Nor are we able to find that the conditions in respect to full cargo ocean rates were different in 1882 than they are to-day.

Merchandise is said to be carried at berth rates when it does not constitute the entire freight cargo of the vessel, but only a portion of it. Regular lines of steamships ply between all the ports in question and European grain markets. These steamships sometimes carry passengers, but always carry freight, and their cargoes are made up of miscellaneous articles. Some articles are regarded in ocean carriage, as well as in carriage by rail, as of a higher class than others, and take a higher rate, although there does not seem to be the same difference upon the ocean as upon the railroad. In each case, however, grain is regarded as one of the lowest classes of freight, and bears a correspondingly low freight rate.

The testimony showed that fluctuations in berth rates were very great. Taking the rate on wheat for an illustration, the rate might fluctuate in a single year from 2 to 12 cents per bushel. This variation is occasioned by the law of demand and supply. The regular line steamer is advertised to leave at a certain date. It has a certain amount of freight space, and the expense of running the steamer is practically the same whether loaded with freight or not. Indeed, until modern construction provided a water ballast, it was necessary to have a certain amount of freight for ballast in order to navigate the vessel. This steamship, as the time for sailing approaches, will manifestly sell its space for whatever price it can obtain. It follows, therefore, that the same vessel may often carry freights of the same kind at different rates, that the quoted price and the price actually paid may be entirely different, and that the price to-day may be no indication of the price a week hence. The interveners insist [627] that while New York may not have any advantage in the matter of cargo rates, it has an enormous advantage in the matter of berth rates, and several reasons for this are shown.

In the first place New York has a great many more lines than either Boston, Baltimore or Philadelphia, indeed a great many more than all three of these cities taken together. These lines reach many foreign

ports at which American grain is bought which cannot be reached from the "outports" so-called. Steamers sail much more frequently from New York to all foreign markets than from either Baltimore or Philadelphia. The result is that New York offers much better facilities in the way of ocean transportation than do any of the outports. These additional facilities attract, first of all, the higher classes of freight, but when that freight is absorbed the residuum of the berth space which is available for the transportation of lower grades of freight, of which grain is the principal one, is always large, so that there are usually offerings of berth space in New York much in excess of those at any other, or at all other ports for the transportation of grain. That is, not only can grain be exported from New York by berth rate to many ports not available to Baltimore and Philadelphia, but it can usually be transported at lower rates than can be had at either of these cities. Still another advantage is that at New York cargoes of different commodities can be more easily made up than at the outports for the reason that the offerings of freight at New York for a particular place are much larger. As already indicated, the great bulk of berth rate business is done by regular line steamers, but considerable business of that sort is done by steamships sailing at irregular intervals whenever a load can be obtained. These vessels take various kinds of commodities but usually require them to be consigned to the same port. It is evident that in New York a steamer of this kind would be able to obtain a cargo for a particular foreign port much more readily than at either Baltimore or Philadelphia, since, as will be seen hereafter, the great bulk of our exports, other than grain and flour, move out through the port of New York.

A great deal of testimony was introduced, both by the complainant and by the interveners, as to relative berth rates from the four ports, Boston, New York, Baltimore and Philadelphia. [628] The complainant introduced three tables, showing the average quoted rates in cents per bushel on wheat from these four ports, covering the years 1882 to 1896, inclusive. The first table is from December 1st to April 30th, that being the season when the canal is closed; the second from May 1st to November 30th, that being the canal season; and the third table covering the entire calendar year. These tables are given below, and are numbered Tables No. 1, No. 2 and No. 3:

Table No. 1.

Average Ocean Freights‡ Quoted on Wheat from the undermentioned ports to Liverpool, for the Non-Canal Season.

December 1st to April 30th.

Non-Canal Season.	New York. Per 60 lbs.	Boston. Per 60 lbs.	Philadelphia. Per 60 lbs.	Baltimore. Per 60 lbs.
	cents.	cents.	cents.	cents.
1881-82	*6	†5¾	8½	*7½
1882-83	11⅛	9¼	12¼	12½
1883-84	5⅛	4⅛	6⅜	7⅛
1884-85	8⅝	7½	....	9¾
1885-86	5¾	3⅞	....	7¼
1886-87	6½	6	....	7¼
1887-88	2⅞	4	....	3¾
1888-89	7⅞	6½	....	10
1889-90	8¾	8⅞	....	10½
1890-91	4⅝	4½	....	6¼
1891-92	7⅛	6⅝	....	8¾
1892-93	2⅞	2½	*4⅛	4¼
1893-94	5⅛	4⅝	6⅛	6¼
1894-95	4¼	3¾	5⅞	5⅝
1895-96	4⅞	4½	5	5½
1896-97	5¾	6¼	6¼	6⅛

*January 1st to April 30th only.
†January 1st to March 31st only.
‡Reduced from sterling quotations on the basis of 1d.=2 cents.

Table No. 2.

Average Ocean Freights† Quoted on Wheat from the undermentioned ports to Liverpool, for the Canal Season.

May 1st to November 30th.

Canal Season.	New York. Per 60 lbs.	Boston. Per 60 lbs.	Philadelphia. Per 60 lbs.	Baltimore. Per 60 lbs.
	cents.	cents.	cents.	cents.
1882	7⅞	*7⅛	....	10⅜
1883	7¾	5¼	....	9¼
1884	7½	5	....	8⅛
1885	5⅝	4	....	6
1886	6¾	4¾	....	7½
1887	4¾	3⅞	....	5¼
1888	6⅛	5½	....	7⅛
1889	7⅞	6⅞	....	8⅜
1890	2⅞	2¾	....	2⅝
1891	6⅞	5	....	7
1892	4¾	4	....	6½
1893	5½	4⅝	6⅜	5⅞
1894	2⅞	1⅞	3⅝	3⅝
1895	4⅛	2⅝	4¼	4⅜
1896	6½	3¾	6½	6⅞

*July 1st to November 30th only.
†Reduced from sterling quotations on the basis of 1d.=2 cents.

TABLE NO. 3.

ANNUAL AVERAGE OCEAN FREIGHTS† QUOTED ON WHEAT from the undermentioned ports to LIVERPOOL for the CALENDAR YEAR.

Calendar Year.	New York. Per 60 lbs.	Boston. Per 60 lbs.	Philadelphia. Per 60 lbs.	Baltimore. Per 60 lbs.
	cents.	cents.	cents.	cents.
1882	7⅞	....	....	10
1883	8⅝	6½	....	10⅛
1884	7	5	....	7⅞
1885	6⅜	5	....	7⅜
1886	6⅝	4¾	....	7⅜
1887	5	4½	....	6
1888	5¼	5½	....	6¼
1889	7⅞	6⅜	....	9
1890	4⅞	4⅞	....	5⅝
1891	6¼	5⅜	....	6⅞
1892	5¼	4½	....	6¾
1893	4¾	3¾	5¾	5⅝
1894	3⅞	3	4¾	4¾
1895	5⅛	3¼	4⅝	4⅞
1896	5⅞	4¼	5⅞	6¼

†Reduced from sterling quotations on the basis of 1d.=2 cents.

[630] We do not regard these tables as altogether reliable, although they are probably the best that could be furnished under the circumstances. In most instances they represent the quoted rate; in some, particularly in case of New York, they stand for actual engagements, and show the price actually paid. It has already been suggested that the quoted price and the actual price often vary considerably. No data at all are available apparently in case of Philadelphia until the year 1893, and those from Baltimore are extremely unreliable.

We are inclined to think, taking the whole testimony in the case together, that it fairly appears that there is, as a rule, between Boston and New York a difference in the berth rate upon grain in favor of Boston, and that this difference amounts at the present time to something in the vicinity of 1 cent per hundred pounds; that there is a difference in favor of New York between New York and Philadelphia which amounts, perhaps, to from 1½ to 2 cents per hundred pounds; and that about the same difference exists against Baltimore. We are unable to find that there is any appreciable difference in the ocean berth rate from Baltimore and Philadelphia. We are inclined to think also that since 1882 this difference between New York and the outports has been gradually diminishing. The rates from Boston differed from those in New York rather more in 1882 than to-day, and the same thing appears to have been true of Baltimore and Philadelphia. From the very nature of the case, however, no definite finding in this respect can be made.

It did not appear why the rate at Boston should be lower than at New York, save that the dockage expenses and other port charges were somewhat less at the former port. The Boston steamers are inferior in speed and in capacity to New York steamers.

No testimony was introduced showing exactly what cargo rates had been at any time or during any period. It appeared generally that they were ordinarily higher and much more stable than berth rates, and that a cargo business could not be done until the berth space had been exhausted or until the berth rate had risen to a point above the average.

We have no information from which it can be stated what the relative amount of cargo and berth business in grain has been for any length of time since 1882.

[631] With the exception of cargoes from New York to a particular point which is hereafter referred to, wheat is very seldom exported by the cargo. Cargo business is almost entirely confined to corn. The complainant introduced a table showing the relative amount of berth rate and cargo exports for the years 1895 and 1896 in wheat and in corn. This table is given below, and is No. 4:

TABLE No. 4.

(Where steamers carried both wheat and corn, they have been counted under each head.)

WHEAT.

PORTS.	Exports, Bushels.	1895. CARRIED IN GRAIN CARGOES.			Exports, Bushels.	CARGOES. CARRIED IN GRAIN 1896.		
		Bushels.	Per cent.	No. of Cargoes.		Bushels.	Per cent.	No. of Cargoes.
New York	4,810,384	......	......	......	9,838,955	......	......	......
Boston	20,339,263	6,707,934	33.0	66	18,476,263	4,056,878	21.9	55
Philadelphia	1,537,226	461,165	30.0	5	4,863,886	2,831,017	58.2	29
Baltimore	3,977,261	......	......	......	6,589,856	2,085,199	31.6	22
Norfolk	165,765	165,765	100.0	2	......	......	......	......
Newport News	1,185,400	361,431	30.5	6	17,327	......	......	......
Totals	32,015,299	7,696,295	......	79	39,786,287	8,973,094	......	106

CORN.

PORTS.	Exports, Bushels.	Bushels.	Per cent.	No. of Cargoes.	Exports, Bushels.	Bushels.	Per cent.	No. of Cargoes.
New York	19,626,817	892,051	4.6	10	19,100,190	1,797,082	9.4	24
Boston	5,320,083	......	......	......	5,893,209	......	......	......
Philadelphia	3,307,413	524,818	15.9	5	8,829,376	4,947,789	56.0	46
Baltimore	9,645,758	1,896,452	19.7	18	26,382,182	10,297,059	39.0	99
Norfolk	3,545,363	incomplete	*	*	12,891,285	8,977,802	69.6	81
Newport News	4,866,335	2,278,872	46.8	22	10,376,625	5,042,104	48.6	50
Totals	46,311,769	*5,592,193	......	*55	83,472,867	31,061,836	......	300

*Exclusive of Norfolk for 1895, which cannot be given from any data in our possession.

It will be seen from an examination of the above table that the exports for 1896 were somewhat larger in wheat and almost twice as great in corn as in 1895; that what may be called the excess [632] exports of 1896 over those of 1895 went mostly by cargo shipments, and that these excess cargo shipments were almost entirely from Philadelphia, Baltimore, Norfolk, and Newport News. The complainant introduced another table showing the number of cargoes of corn exported from New York, Philadelphia and Baltimore for the years 1893 to 1896, inclusive. This table is designated as No. 5 and is as follows:

TABLE NO. 5.

	New York. Cargoes. Corn.	Philadelphia. Cargoes. Corn.	Baltimore. Cargoes. Corn.	Totals. Cargoes. Corn.
1893	1	11	7	19
1894	2	5	17	24
1895	7	7	13	27
1896	19	41	77	137
Totals	29 cargoes.	64 cargoes.	114 cargoes.	207 cargoes.

New York shipped 29 cargoes corn, equal to 14%.
Philadelphia " 64 " " " 31%.
Baltimore " 114 " " " 55%.

207 cargoes.

From this it appears that in the four years New York shipped 29 cargoes; Philadelphia, 64; and Baltimore, 114, which gives New York 14 per cent. of the entire cargo business for that series of years.

Mr. Neal, a witness for the interveners, testified from records in his possession that from 1878 to 1896 there had been exported from the three ports in all 1,357 full cargoes of corn, and that of these 187 had gone from New York, 499 from Philadelphia, and 671 from Baltimore. This, too, would give New York in that series of years just 14 per cent. of the full cargo business.

It may well be inquired how, in view of the differentials and in view of the fact that full cargo rates are the same from all these ports, New York manages to do any full cargo business. It appears that Boston under the operation of the same condition of things does not. It is impossible to answer this question with certainty. New York has much the largest storage capacity. It has a corn market and a wheat market, and stocks of corn and [633] wheat are carried for delivery. The result is that a full cargo can be loaded and shipped from New York quicker than from the other ports, and very often cheaper, as the price fluctuates upon the Chicago market.

It appears, too, with reference to the full cargo business in wheat, which was considerable from New York in both 1895 and 1896, that most of it consisted of cargoes for Lisbon, Portugal. The trade at that point requires a New York bill of lading, and for this reason shipments to fill those orders are made from New York, although the same grade of wheat could, perhaps, be obtained somewhat more cheaply at some other port.

The complainant claimed that if the object of these differentials was to equalize the cost of exporting grain through the three ports, then the cost of grain in Europe should be the same by each port, whereas, in point of fact, it was and had been less through the outports than through New York.

It appeared that this export business was largely done by grain brokers. These people do not as a rule own the grain themselves nor carry stocks from which their orders are filled. Upon receiving an order, they go into the market and fill it at the least price possible. They sometimes sell the grain on board the vessel on this side, but ordinarily it would appear that their price includes a delivery in Europe. Agencies are often maintained by them in Chicago, and it appears that they purchase grain to fill export orders in one of three ways. They may purchase the corn in the West, paying themselves the transportation charges to the seaboard and so across the water. They may buy the grain F. O. B. the vessel at some American port. This embraces all the charges which are necessary to deliver the grain upon the vessel, including the freight rate and the terminal charge; or they may purchase the grain what is called C. I. F. Europe. These three letters signify cost, insurance and freight, and that kind of a contract calls for the delivery of the grain in Europe, or its equivalent in insurance money if the grain is lost. It appeared that these brokers themselves in recent times had almost exclusively confined their operations to the purchase of export grain either F. O. B. at the Atlantic seaboard or C. I. F. Europe. Although their agencies still continued to be maintained in some instances in the West, little or no business was transacted through them. This [634] was for the reason that they could purchase the grain F. O. B. or C. I. F. cheaper than they could buy it in the West and pay the transportation charges themselves.

The testimony of these gentlemen showed that the price of grain F. O. B. or C. I. F. was not at all times the same through the different ports. Sometimes it could be exported cheaper through Baltimore; sometimes through Philadelphia; and sometimes through New York; but, on the whole, the preponderance of this testimony was that in the year 1896 prices had ruled cheaper through the outports than through New York.

We attach very little importance to this testimony. These brokers have no stock in trade. They have no expensive plant which they must utilize at a particular point. While for the most part they reside and have their principal place of business in New York, they can, with almost equal convenience do business through any one of the three ports. It was conceded by all that a difference in cost of from 1/8 to 1/4 of a cent a bushel would divert grain from one port to the other, and these brokers always know what grain can be purchased for at each one of these three ports. The conclusive answer, therefore, to the inquiry, through which port at a particular time was the price of grain C. I. F. Europe the cheapest is found in observing through what port grain at that time actually moved.

The complainant claimed that the operation of these differentials had been growing more and more burdensome to New York ever since 1882, and that matters had come to that pass that they were a menace to the commerce of that port, and in confirmation of this they instituted a comparison of the exports of the commodities in question through the different ports for the years 1895 and 1896, from which a very striking falling off at New York appears.

The interveners replied that while a comparison of the year 1896 with the year 1895 might show unfavorably to the port of New York, no comparison of any two single years could be a fair test, that the differences in those two years were no greater than might be observed between some other two preceding years if properly selected, that New York had not lost absolutely but only relatively, and that the loss to New York was not owing to any gain by Baltimore and Philadelphia, but to the fact that Norfolk, Newport News, Galveston and New Orleans had become new [635] factors in the export situation, owing to the opening up and improvement of new lines of transportation to these ports.

As bearing upon these contending claims a great mass of statistics was introduced upon both sides. All of this matter has undoubtedly some bearing upon this question. Much of it is interesting, but to reproduce it all, or to even consider it all in any finding of fact, giving to each piece of testimony its due weight, would be utterly impossible. We reproduce here sufficient of the tables introduced by the respective parties to show what their claims were and the nature of the testimony upon which they relied, and to also show in a general way the actual situation at these respective ports.

The following is a table showing the total receipts and the total exports of flour, wheat and corn in bushels at New York, Boston, Philadelphia, Baltimore, Norfolk and Newport News for the years 1873 to 1896, inclusive. It is marked No. 6:

TABLE NO. 6.

JANUARY 1ST TO DECEMBER 31ST. (100 PER CENT.=TOTALS AT, OR FROM, THE 6 PORTS.)

PERCENTAGE OF RECEIPTS OF FLOUR, WHEAT AND CORN IN BUSHELS AT

JAN. 1 TO DEC. 31.	NEW YORK. By Rail.	NEW YORK. By Canal and Water.	NEW YORK. Total.	Boston.	Philadelphia.	‡Baltimore.	†Norfolk.	†Newport News.
1873	28.8	32.6	61.4	10.9	14.3	13.3	0.1	*
1874	33.0	29.5	62.5	9.7	12.6	15.2	......	*
1875	33.1	24.9	58.0	11.0	16.3	14.6	0.1	*
1876	28.8	18.2	47.0	12.0	19.1	21.7	0.2	*
1877	25.0	26.5	51.5	12.3	14.3	21.6	0.3	*
1878	29.9	23.7	53.6	9.8	17.2	19.3	0.1	*
1879	31.8	19.3	51.1	9.8	16.2	22.8	0.1	*
1880	28.1	24.1	52.2	11.4	15.9	20.4	0.1	*
1881	38.5	16.6	55.1	14.4	11.3	19.1	0.1	*
1882	38.9	18.4	57.3	15.7	10.5	16.1	......	0.4
1883	32.5	20.0	52.5	17.6	10.8	18.4	0.3	0.4
1884	33.7	20.4	54.1	18.0	9.2	18.1	......	0.6
1885	37.1	18.4	55.5	15.0	10.8	18.1	......	0.6
1886	31.4	23.6	55.0	15.1	8.2	18.6	......	3.1
1887	29.2	24.2	53.4	14.4	11.0	19.4	0.3	1.5
1888	31.1	23.8	54.9	15.9	8.8	19.4	0.1	0.9
1889	30.7	20.1	50.8	15.2	8.7	24.4	......	0.9
1890	28.9	15.6	44.5	12.6	17.3	23.8	......	1.8
1891	41.5	13.0	54.5	12.0	11.5	18.0	1.0	3.0
1892	38.9	8.5	47.4	10.9	18.8	19.5	0.6	2.8
1893	29.5	20.0	49.5	14.5	12.8	18.7	0.5	4.0
1894	27.0	18.9	45.9	15.5	14.3	18.1	0.7	5.5
1895	41.2	5.2	46.4	15.5	11.7	17.7	2.2	6.5
1896	30.3	6.3	36.6	14.5	13.6	22.1	5.6	7.6
Average	32.4	19.6	52.1	13.4	13.1	19.1	0.5	§ 2.6 ‖ 1.6

PERCENTAGE OF EXPORTS OF FLOUR, WHEAT AND CORN IN BUSHELS FROM

JAN. 1 TO DEC. 31.	New York.	Boston.	Philadelphia.	Baltimore.	Norfolk.	Newport News.
1873	77.9	2.4	6.9	12.7	0.1	*
1874	74.8	2.6	7.9	14.7	......	*
1875	67.6	4.9	11.8	15.5	0.2	*
1876	49.4	5.4	20.4	24.5	0.3	*
1877	54.8	5.7	13.1	26.0	0.4	*
1878	54.1	6.8	16.7	22.3	0.1	*
1879	53.0	6.4	14.9	25.6	0.1	*
1880	56.3	7.9	13.7	22.0	0.1	*
1881	57.6	9.7	10.4	22.2	0.1	*
1882	61.5	9.6	7.5	20.7	0.1	0.6
1883	54.5	11.3	9.9	23.3	0.4	0.6
1884	53.6	14.9	8.4	22.2	......	0.9
1885	54.6	11.7	11.5	21.3	......	0.9
1886	52.1	11.1	7.6	24.8	......	4.4
1887	53.9	10.5	10.0	23.3	0.4	1.9
1888	54.2	13.5	6.2	24.5	0.1	1.5
1889	51.6	11.7	6.8	28.8	......	1.1
1890	43.1	8.8	17.2	28.5	......	2.4
1891	52.9	9.0	10.2	22.2	1.4	4.3
1892	43.6	8.9	18.1	25.0	0.8	3.6
1893	49.5	11.4	10.2	22.8	0.7	5.4
1894	46.8	13.0	9.4	22.2	0.9	7.7
1895	47.6	13.1	7.0	19.8	3.2	9.3
1896	33.7	12.7	9.5	26.6	7.5	10.0
Average	54.1	9.2	11.0	22.5	0.7	§ 3.6 ‖ 2.2

‡ Baltimore's Flour receipts are exclusive of city milling.

* Newport News.—No transactions prior to July 1, 1882.

† Receipts at Norfolk and Newport News not procurable, hence the quantity exported has been taken as the quantity received.

§ Average since 1882.

‖ Average since 1873.

[637] The table below, marked No. 7, states the relative proportions of the total receipts of flour and all kinds of grain, including oats, rye and barley, in bushels, including receipts of wheat, corn, oats, rye and barley, at the four named Atlantic ports for the years 1878 to 1896, inclusive:

TABLE NO. 7.

During year.	New York, per cent.	Boston, per cent.	Philadelphia, per cent.	Baltimore, per cent.	Total per cent.
1878	55.7	10.0	16.9	17.4	100
1879	52.7	10.6	15.4	21.3	100
1880	53.4	11.8	15.9	18.9	100
1881	56.4	14.4	11.9	17.3	100
1882	59.3	15.7	10.9	14.1	100
1883	56.1	17.0	10.9	16.0	100
1884	56.3	17.5	10.6	15.6	100
1885	58.1	15.2	11.5	15.2	100
1886	57.3	16.3	9.8	16.6	100
1887	56.5	14.9	11.5	17.1	100
1888	57.6	16.5	9.8	16.1	100
1889	54.9	15.2	9.5	20.4	100
1890	51.5	13.3	15.7	19.5	100
1891	59.7	12.7	11.6	16.0	100
1892	52.2	12.1	18.0	17.7	100
1893	54.6	15.2	13.0	17.2	100
1894	52.6	16.5	14.6	16.3	100
1895	53.6	16.6	12.9	16.9	100
1896	50.1	14.7	13.1	22.1	100
Average ..	55.1	14.5	12.8	17.4	

Below is given the same table with the addition of Norfolk and Newport News, which shows the extent to which those ports have become a factor in the situation of recent years. It must be remembered that the exports do not necessarily correspond with the receipts. There is at New York for example an enormous domestic consumption, while at Newport News there is practically none.

Table No. 8.

During year.	New York, per cent.	Boston. per cent.	Phila. per cent.	Baltimore, per cent.	*Norfolk, per cent.	*Newport News, per cent.	Total per cent.
1878	55.7	10.0	16.9	17.3	0.1	...	100
1879	52.7	10.6	15.4	21.2	0.1	...	100
1880	53.3	11.8	15.9	18.9	0.1	...	100
1881	56.3	14.4	11.9	17.3	0.1	...	100
1882	59.1	15.6	10.9	14.1	...	0.3	100
1883	55.8	17.0	10.9	15.7	0.2	0.4	100
1884	56.1	17.4	10.5	15.5	...	0.5	100
1885	57.8	15.1	11.5	15.1	...	0.5	100
1886	55.8	15.9	9.6	16.2	...	2.5	100
1887	55.7	14.6	11.4	16.9	0.2	1.2	100
1888	57.2	16.4	9.7	16.0	...	0.7	100
1889	54.5	15.1	9.5	20.3	...	0.6	100
1890	50.6	13.0	15.4	19.3	...	1.8	100
1891	57.4	12.2	11.2	15.4	0.9	2.9	100
1892	50.4	11.7	17.4	17.1	0.6	2.8	100
1893	52.7	14.6	12.5	16.6	0.4	3.2	100
1894	50.0	15.7	13.9	15.5	0.5	4.4	100
1895	49.8	15.5	12.0	15.7	1.7	5.3	100
1896	44.7	13.2	11.7	19.7	4.1	6.6	100

*Total receipts at Norfolk and Newport News not procurable, hence the quantity exported has been taken as the quantity received.

A statement was prepared under the direction of Mr. Blanchard, Commissioner of the Joint Traffic Association, showing in tons the dead freight forwarded by the defendants to the points named for the years 1888 to 1896, inclusive. From that statement the following statement is taken, showing these facts with reference to flour, grain and mill stuff, provisions and lard, and also showing the grand total of all kinds of freight. This table is designated as No. 9:

Table No. 9.

FLOUR.

Total Tons Forwarded by All Roads to

Years.	Balto. & Vicinity.	Boston & Vicinity.	N. York & Vicinity.	Phila. & Vicinity.	Norfolk, N. News, Richmond & Vicinity.
1888	105,324	42,402	62,437	39,754	....
1889	25,812	21,350	41,923	29,995	....
1890	34,173	19,818	37,334	25,144	....
1891	26,235	21,857	45,966	34,595	....
1892	39,094	31,193	57,932	40,861	....
1893	33,530	47,284	73,275	45,377	19,516
1894	25,953	27,179	54,299	25,953	13,833
1895	32,126	33,101	85,565	29,345	64,484
1896	30,423	29,818	82,043	31,420	73,297

GRAIN AND MILL STUFF.

1888	121,116	179,073	344,158	155,528	....
1889	140,578	136,167	319,292	167,424	....
1890	185,717	175,200	450,705	382,923	....
1891	96,003	159,151	457,912	231,380	....
1892	143,411	149,263	476,626	265,353	....
1893	106,184	211,727	415,450	227,306	31,022
1894	143,992	223,426	302,358	230,179	35,510
1895	129,153	361,949	410,433	233,738	37,603
1896	260,127	365,172	510,491	172,876	161,556

PROVISIONS AND LARD.

1888	29,506	49,623	130,744	47,900	....
1889	45,177	68,313	206,473	49,260	....
1890	74,743	84,813	217,292	55,825	....
1891	61,357	55,681	158,440	48,751	....
1892	55,367	52,753	151,419	51,782	....
1893 ...	58,463	60,123	183,551	51,682	15,574
1894	70,140	78,075	236,996	53,932	15,476
1895	77,172	104,861	297,255	52,215	20,054
1896	74,862	101,913	201,358	57,424	46,244

GRAND TOTAL.

1888	349,695	381,237	792,647	387,823	....
1889	341,150	354,227	893,706	410,384	....
1890	441,736	412,593	1,021,768	666,345	....
1891	306,965	358,997	956,948	451,348	....
1892	390,515	370,169	969,132	497,469	....
1893	353,568	496,359	1,086,996	466,719	81,808
1894	376,240	533,067	1,023,372	437,909	81,215
1895	380,496	743,900	1,290,876	464,842	140,763
1896	497,561	751,936	1,293,663	395,983	328,928

The complainant introduced a statement showing the number and tonnage of vessels in the foreign trade which entered at and cleared from the ports named during each year from 1882 to 1896, inclusive. The following are for the years 1882, 1886 and 1896:

Table No. 10.

1882.

	No. Entered.	Tonnage.	No. Cleared.	Tonnage.
New York	6,525	7,360,843	6,180	7,263,174
Boston	3,018	1,416,231	2,950	1,305,172
Philadelphia	1,313	1,055,961	1,156	969,163
Baltimore	915	852,575	856	802,627
Norfolk	53	51,728	140	137,106
Newport News	....	....	....	....

1886.

New York	5,719	5,558,938	5,160	5,388,335
Boston	2,595	1,184,108	2,498	1,018,921
Philadelphia	1,348	1,155,066	1,013	895,486
Baltimore	541	521,470	626	607,868
Norfolk	63	56,483	158	145,092
Newport News	33	23,712	199	224,568

1896.

New York	4,378	6,911,782	4,065	6,552,614
Boston	2,194	1,757,291	2,182	1,523,096
Philadelphia	1,070	1,421,081	936	1,214,683
Baltimore	613	895,093	685	1,067,543
Norfolk	50	63,095	154	203,058
Newport News	89	159,719	372	607,265

The years 1882 and 1896 were selected by the complainant in its brief for comparison. Of all the years between 1882 and 1896 the tonnage at New York was the largest in 1882 and the smallest in 1886. These three years give a fair idea of the way in which the tonnage has averaged, and the entire statement need not be reproduced.

The interveners upon the part of Baltimore and Philadelphia also introduced various tables showing the movement of the articles embraced in this proceeding from all ports upon the Atlantic coast as well as from these ports in controversy.

Table No. 11 shows the total export of wheat, corn and oats from the ports named for the years 1878 to 1896 inclusive and the percentage of the whole for each port and also for each commodity. It will be noticed that this table includes all the Atlantic and Gulf ports and also the port of Montreal.

Table No. 11.

Exports of Wheat, Corn and Oats from ports on the Atlantic Coast, in bushels, with percentages from each port.

PORTS.	MONTREAL.		PORTLAND.		BOSTON.		NEW YORK.		PHILADELPHIA.	
1878	....	.....	....	.....	....	.....	53,510,363W	.....	8,954,449W	.....
"	....	.....	....	.....	....	.....	26,118,892 C	.....	19,652,826 C	.....
Total Exports	10,509,509	6.0	1,628,393	0.9	10,502,388	6.0	79,629,255	45.6	28,607,275	16.5
1879	....	.....	....	.....	....	.....	60,541,234W	.....	16,814,572W	.....
"	....	.....	....	.....	....	.....	34,357,057 C	.....	14,039,228 C	.....
Total Exports	22,700,000	10.3	963,891	0.5	11,057,454	5.0	94,898,291	43.3	30,853,800	14.1
1880	8,221,895W	5.6	1,041,375W	0.9	11,263,798W	7.0	74,863,083W	50.5	11,312,590W	7.7
"	7,065,745 C	8.2	1,329,811 C	1.5	3,275,665 C	3.8	34,646,089 C	40.0	16,579,644 C	19.1
Total Exports	15,287,640	6.5	2,371,186	1.0	14,539,463	6.3	109,509,172	46.8	27,892,234	11.9
1881	5,590,984W	6.9	975,294W	1.3	3,162,540W	3.9	38,366,185W	47.4	8,892,260W	10.9
"	3,209,968 C	4.9	232,989 C	0.4	8,006,095 C	12.3	27,554,077 C	42.3	6,099,434 C	9.4
Total Exports	8,800,952	6.2	1,208,283	0.8	11,168,635	7.6	65,920,262	45.1	14,991,694	10.4
1882	5,797,155W	7.8	801,612W	1.0	2,843,493W	3.8	36,670,191W	49.6	5,852,951W	7.9
"	516,230 C	4.3	11,948 C	.....	2,174,320 C	17.1	7,253,895 C	60.4	808,599 C	6.7
Total Exports	6,313,385	7.3	813,560	0.9	5,017,813	5.8	43,924,086	51.1	6,661,550	7.7
1883	3,518,127W	7.1	1,347,067W	2.7	1,989,748W	4.0	20,046,291W	40.7	4,096,297W	8.3
"	4,122,182 C	7.1	296,670 C	0.5	4,555,009 C	8.0	22,849,520 C	39.6	5,304,943 C	9.2
Total Exports	7,640,309	7.2	1,643,737	1.6	6,544,757	6.1	42,895,811	40.1	9,401,240	8.8
1884	3,426,885W	6.1	263,161W	0.5	1,639,598W	2.9	26,767,296W	48.0	5,566,173W	10.0
"	2,036,050 C	7.4	1,283,600 C	4.7	4,156,483 C	15.1	9,492,200 C	34.0	1,744,252 C	6.4
Total Exports	5,462,935	6.5	1,536,761	1.8	5,796,081	7.0	36,256,496	43.5	7,310,425	8.8
1885	3,372,160W	10.5	854,538W	2.7	1,680,022W	5.3	17,111,294W	53.4	3,532,192W	11.0
"	1,945,898 C	3.2	458,581 C	0.7	3,778,823 C	6.2	27,214,189 C	44.4	5,929,244 C	9.7
Total Exports	5,318,058	5.7	1,313,119	1.4	5,458,845	5.8	44,325,483	47.5	9,461,436	10.1
1886	5,885,662W	9.8	960,882W	1.6	2,376,298W	3.9	32,090,610W	53.0	6,079,146W	10.0
"	3,910,209 C	7.3	411,555 C	.8	3,025,673 C	5.7	20,996,705 C	39.4	1,857,353 C	3.5
Total Exports	9,795,871	8.6	1,372,437	1.2	5,401,971	4.7	53,087,315	46.7	7,936,499	7.0

TABLE NO. 11—(*Continued*).

PORTS.	MONTREAL.		PORTLAND.		BOSTON.		NEW YORK.		PHILADELPHIA.	
1887	7,434,716W	9.2	1,333,456W	1.7	3,983,925W	5.0	41,886,049W	52.1	8,774,174W	10.9
"	1,263,108 C	3.8	 C	......	2,313,958 C	7.0	12,306,272 C	37.3	1,996,583 C	6.1
Total Exports	8,697,824	7.7	1,333,456	1.2	6,297,883	5.5	54,192,321	47.8	10,770,757	9.5
1888	2,157,548W	9.6	176,160W	.8	1,210,666W	5.3	12,609,242W	56.0	949,844W	4.2
"	2,660,003 C	8.8	 C	......	3,245,820 C	10.7	14,236,181 C	47.0	859,371 C	2.8
Total Exports	4,817,551	.1	176,160	.3	4,456,486	8.5	26,845,423	50.8	1,809,215	3.4
1889	2,356,494W	11.7	.... W	......	459,111W	2.3	10,784,303W	53.6	1,110,606W	5.5
"	6,601,989 C	8.5	641,683 C	.8	7,135,933 C	9.1	28,786,977 C	36.9	3,640,316 C	4.7
Total Exports	8,958,483	9.1	641,683	.7	7,595,044	7.8	39,571,280	40.3	4,750,922	4.8
1890	2,156,807W	9.6	65,213W	.4	525,287W	2.3	12,569,286W	56.0	617,876W	2.8
"	4,849,024 C	5.7	323,376 C	.4	4,500,703 C	5.3	24,600,147 C	29.1	16,735,521 C	19.8
"	210,000 O	1.9	.... O	......	515,878 O	4.4	9,301,046 O	79.7	12,587 O	.1
Total Exports	7,215,831	6.1	388,589	.3	5,541,868	4.6	46,470,479	39.2	17,365,984	14.7
1891	6,090,114W	6.5	700,157W	.8	2,787,125W	3.0	46,957,113W	50.3	6,840,503W	7.3
"	2,173,070 C	7.7	50 C	......	3,897,565 C	13.8	13,180,393 C	46.5	2,608,677 C	9.2
"	744,287 O	13.2	.... O	......	35,406 O	.6	3,205,466 O	56.8	309,857 O	5.5
Total Exports	9,007,471	7.1	700,207	.5	6,720,096	5.3	63,342,972	49.7	9,759,037	7.7
1892	8,489,698W	7.6	1,010,545W	.9	7,501,903W	6.7	50,813,295W	45.4	9,762,594W	8.7
"	1,764,859 C	2.5	 C	......	2,971,858 C	4.1	18,786,801 C	26.1	19,779,876 C	27.5
"	5,020,140 O	45.4	.... O	......	73,745 O	.7	3,742,812 O	33.8	446,478 O	4.0
Total Exports	15,274,697	7.8	1,010,545	.5	10,547,506	5.5	73,342,908	37.7	29,988,948	15.4
1893	6,909,337W	7.9	1,050,049W	1.2	5,275,276W	6.0	38,047,932W	43.7	5,723,510W	6.6
"	9,650,554 C	20.0	24,705 C	......	5,241,170 C	10.9	12,802,039 C	26.6	3,865,633 C	8.0
"	3,119,240 O	31.6	.... O	......	3,651 O	......	5,197,007 O	52.6	103,400 O	1.1
Total Exports	19,679,131	13.5	1,074,754	.7	10,520,097	7.3	56,046,978	38.6	9,692,543	6.7
1894	5,337,455W	9.7	395,961W	.7	5,812,828W	10.5	25,141,494W	45.6	4,487,496W	8.2
"	1,969,417 C	5.0	623,578 C	1.6	3,823,635 C	9.7	11,406,711 C	28.9	2,577,540 C	6.5
"	77,569 O	16.7	.... O	......	2,350 O	.5	382,805 O	82.8	169 O	......
Total Exports	7,384,441	7.8	1,019,539	1.1	9,638,813	10.1	36,931,010	38.8	7,065,205	7.4

Table No. 11—(*Continued*).

1895	3,795,000W	8.7	.... W	......	7,380,391W	16.9	24,554,758W	56.2	1,885,598W	4.3
"	2,458,000 C	4.1	456,505 C	.8	5,281,069 C	8.9	19,693,471 C	33.2	3,140,920 C	5.3
"	10,750 O	.6	.... O	......	1,520 O	.1	1,497,587 O	82.8	59,420 O	3.3
Total Exports	6,263,750	6.0	456,505	.4	12,662,980	12.1	45,745,816	43.7	5,085,938	4.8
1896	6,877,846W	12.0	73,322W	.1	9,781,250W	17.1	21,766,950W	38.0	4,902,181W	8.6
"	6,658,944 C	5.5	565,836 C	.5	5,990,397 C	4.9	18,801,794 C	15.5	8,934,402 C	7.4
"	2,631,785 O	8.3	.... O	......	1,919,677 O	6.1	15,880,150 O	50.4	438,824 O	1.4
Total Exports	16,168,575	7.7	639,158	.3	17,691,324	8.4	56,448,894	26.9	14,275,407	6.8

PORTS.	BALTIMORE.		NEW ORLEANS.		NORFOLK.		NEWPORT NEWS. (Known as Yorktown previous to 1889.)		GALVESTON.		TOTALS.
1878	19,766,074W	......	....	......	....	......	....	......	....	......	....
"	16,543,812 C	......	....	......	255,795 C	......	....	......	2,737 C	......	....
Total Exports	36,309,886	20.8	7,144,488	4.1	255,795	.	....	......	2,737	......	174,589,726
1879	30,869,104W	......	....	......	....	......	....	......	....	......	....
"	21,155,422 C	......	....	......	240,670 C	......	....	......	2,553 C	......	....
Total Exports	52,024,526	23.8	6,318,605	2.9	240,670	.1	....	......	2,553	......	219,059,790
1880	34,923,152W	23.6	5,505,020W	4.1	.... W	......	....	......	....	......	147,130,913W
"	14,604,364 C	16.9	8,855,579 C	10.3	192,903 C	.2	....	......	....	......	86,549,800 C
Total Exports	49,527,516	21.2	14,360,599	6.2	192,903	.1	....	......	....	......	233,680,713
1881	19,453,676W	24.2	4,349,575W	5.4	8,980W	......	....	......	456W	......	80,799,950W
"	12,097,376 C	18.5	7,692,259 C	11.8	263,316 C	.4	....	......	 C	......	65,155,514 C
Total Exports	31,551,052	21.5	12,041,834	8.2	272,296	.2	....	......	456	......	145,955,464
1882	17,233,469W	23.5	4,609,033W	6.2	....	......	134,859W	.2	1,048W	......	73,943,811W
"	1,132,407 C	9.4	253,790 C	2.1	....	......	 C	......	 C	......	12,151,189 C
Total Exports	18,365,876	21.4	4,862,823	5.6	....	......	134,859	.2	1,048	......	86,095,000
1883	15,434,689W	31.4	2,622,717W	5.4	.... W	......	176,541W	.4	28,043W	......	49,259,520W
"	10,285,875 C	17.8	9,856,041 C	17.1	384,183 O	.7	 C	......	2,645 C	......	57,657,068 C
Total Exports	25,720,564	24.0	12,478,758	11.7	384,183	.5	176,541	.2	30,688	......	106,916,588

TABLE NO. 11—(*Continued*).

PORTS.	BALTIMORE.		NEW ORLEANS.		NORFOLK.		NEWPORT NEWS. (Known as Yorktown previous to 1889.)		GALVESTON.		TOTALS.
1884	16,217,600W	29.1	1,346,019W	2.4	.... W	......	535,350W	1.0	2,120W	......	55,764,202W
"	4,943,010 C	18.0	3,975,626 C	14.4	300 C	......	 C	......	 C	......	27,631,521 C
Total Exports	21,160,610	25.4	5,321,645	6.4	300	......	535,350	.6	2,120	......	83,395,723
1885	4,581,261W	14.3	678,283W	2.1	.... W	......	227,165W	.7	....	......	32,036,915W
"	14,048,287 C	22.9	7,302,910 C	11.9	21,486 C	......	618,350 C	1.0	....	......	61,317,763 C
Total Exports	18,629,548	20.0	7,981,193	8.6	21,486	......	845,515	.9	....	......	93,354,678
1886	10,475,395W	17.3	1,041,141W	1.7	.... W	......	1,638,250W	2.7	.... W	......	60,547,384W
"	13,138,229 C	24.7	7,896,339 C	14.8	53,021 C	.1	1,962,598 C	3.7	1,260 C	......	53,252,942 C
Total Exports	23,613,624	20.7	8,937,480	7.9	53,021	......	3,600,848	3.2	1,260	......	113,800,326
1887	11,057,290W	13.7	4,299,242W	5.3	193,838W	.2	1,501,477W	1.9	....	......	80,464,167W
"	7,115,814 C	21.6	7,301,011 C	22.1	199,242 C	.6	505,481 C	1.5	....	......	33,001,469 C
Total Exports	18,173,104	16.0	11,600,253	10.2	393,080	.3	2,006,958	1.8	....	......	113,465,636
1888	4,082,508W	18.1	1,027,322W	4.6	.... W	......	322,309W	1.4	....	......	22,535,599W
"	3,741,914 C	12.3	5,055,512 C	16.7	82,674 C	.3	427,110 C	1.4	....	......	30,308,585 C
Total Exports	7,824,422	14.8	6,082,834	11.5	82,674	.2	749,419	1.4	....	......	52,844,184
1889	4,389,790W	21.8	991,184W	4.9	2,982W	......	31,885W	.2	....	......	20,126,355W
"	16,822,808 C	21.6	13,469,754 C	17.3	27,903 C	......	880,251 C	1.1	....	......	78,007,614 C
Total Exports	21,212,598	21.6	14,460,938	14.8	30,885	......	912,136	.9	....	......	98,133,969
1890	4,803,453W	21.4	1,308,710W	5.8	16,000W	.1	365,643W	1.6	.... W	......	22,428,275W
"	19,447,144 C	23.0	12,768,422 C	15.0	22,728 C	......	1,331,279 C	1.6	36,012 C	.1	84,614,356 C
"	617,053 O	5.3	.... O	......	.... O	......	1,006,702 O	8.6	.... O	......	11,663,266 O
Total Exports	24,867,650	20.9	14,077,132	11.9	38,728	......	2,703,624	2.3	36,012	......	118,705,897
1891	15,673,334W	16.8	10,497,110W	11.2	1,492,024W	1.6	1,814,024W	1.9	587,395W	.6	93,438,899W
"	3,852,911 C	13.6	1,843,869 C	6.5	83,617 C	.3	682,260 C	2.4	12,741 C	......	28,335,153 C
"	548 O	......	.... O	......	.... O	......	1,345,487 O	23.9	.... O	......	5,641,051 O
Total Exports	19,526,793	15.3	12,340,979	9.7	1,575,641	1.2	3,841,771	3.0	600,136	.5	127,415,103

Table No. 11—(*Continued*).

1892	16,567,652W	14.8	14,450,811W	12.9	628,247W	.6	2,323,824W	2.1	377,885W	.3	111,926,454W
"	19,707,257 C	27.4	7,044,044 C	9.8	598,552 C	.8	1,026,098 C	1.6	144,775 C	.2	71,824,120 C
"	172,271 O	1.6	.... O	.....	.... O	.....	1,604,329 O	14.5	.... O	.....	11,059,775 O
Total Exports	36,447,180	18.7	21,494,855	11.0	1,226,799	.6	4,954,251	2.5	522,660	.3	194,810,349
1893	13,141,293W	15.1	13,530,944W	15.5	105,672W	.1	2,079,040W	2.4	1,310,950W	1.5	87,174,003W
"	7,122,350 C	14.8	6,344,375 C	13.2	510,307 C	1.0	2,560,088 C	5.3	98,508 C	.2	48,219,729 C
"	1,380,255 O	13.9	.... O	.....	.... O	.....	80,226 O	.8	.... O	.....	9,883,779 O
Total Exports	21,643,898	14.9	19,875,319	13.7	615,979	.4	4,719,354	3.3	1,409,458	.9	145,277,511
1894	8,543,685W	15.5	2,901,531W	5.3	.... W	.....	2,365,402W	4.3	135,137W	.2	55,120,989W
"	7,676,862 C	19.5	5,341,517 C	13.5	1,228,962 C	3.1	4,822,738 C	12.2	5,412 C	.....	39,476,372 C
"	46 O	.....	.... O	.....	.... O	.....	.... O	.....	.... O	.....	462,939 O
Total Exports	16,220,593	17.1	8,243,048	8.7	1,228,962	1.3	7,188,140	7.5	140,549	.2	95,060,300
1895	3,976,838W	9.1	762,878W	1.7	163,265W	.4	1,185,400W	2.7	.... W	.....	43,704,128W
"	9,645,758 C	16.3	8,756,766 C	14.8	3,716,081 C	6.3	4,866,335 C	8.2	1,233,477 C	2.1	59,248,382 C
"	134,318 O	7.4	.... O	.....	.... O	.....	104,982 O	5.8	.... O	.....	1,808,577 O
Total Exports	13,756,914	13.1	9,519,644	9.1	3,879,346	3.7	6,156,717	5.9	1,233,477	1.2	104,761,087
1896	6,588,559W	11.5	3,851,337W	6.7	.... W	.....	17,327W	.....	3,438,939W	6.0	57,297,711W
"	25,602,693 C	21.1	25,301,530 C	20.8	12,923,820 C	10.6	10,376,625 C	8.6	6,207,714 C	5.1	121,363,755 C
"	6,919,519 O	21.9	.... O	.....	.... O	.....	3,750,054 O	11.9	.... O	.....	31,540,009 O
Total Exports	39,110,771	18.6	29,152,867	13.9	12,923,820	6.1	14,144,006	6.7	9,646,653	4.6	210,201,475

Exports of Oats are shown from 1890 to 1896 inclusive. Figures prior to 1890 are only for Wheat and Corn.

[641] The complainant claims that the exportation of oats for the year 1896 was abnormally large, and a very considerable part of the total export seems to have gone out through the port of New York, so that the percentage in favor of New York is considerably larger, if the three grains are considered, than it is if merely wheat and corn are taken into account. Considering only wheat and corn the percentage of New York for the year 1896 would be 22.7, while that for the other ports remains substantially the same. The differenital, however, applies on oats as well as other grains, and we can see no reason why all grain should not be considered in the tabulation of these statistics.

Table No. 12 shows the exports of wheat, corn and oats from the Atlantic ports named for the years 1878 to 1896 inclusive, with the percentage from each of these ports. This is similar to Table No. 11, except that the ports of Montreal, New Orleans and Galveston are omitted.

Table No. 12.

Exports of Wheat, Corn and Oats from Ports on the Atlantic Coast, in Bushels, with Percentages from Each Port.

	PORTLAND.		BOSTON.		NEW YORK.		PHILA.		BALTIMORE.		NORFOLK.		NEWPORT NEWS. (Known as Yorktown previous to 1889.)		TOTALS.
1878. Total Exports..	1,628,393	1.04	10,502,388	6.69	79,629,255	50.74	28,607,275	18.23	36,309,886	23.14	255,795	0.16	....	.....	156,932,992
1879. Total Exports..	963,891	0.51	11,057,454	5.82	94,898,291	49.93	30,853,800	16.24	52,024,526	27.37	240,670	0.12	....	.....	190,038,632
1880. Total Exports..	2,371,186	1.16	14,539,463	7.12	109,509,172	53.66	27,892,234	13.67	49,527,516	24.27	192,903	0.09	....	.....	204,032,474
1881. Total Exports..	1,208,283	0.96	11,168,635	8.93	65,920,262	52.64	14,991,694	11.98	31,551,052	25.22	272,296	0.22	....	.....	125,112,222
1878 to 1881 inc...	6,171,753	0.91	47,267,940	6.99	349,956,980	51.76	102,345,003	15.13	169,412,980	25.05	961,664	0.14	....	.....	676,116,320
1882. Total Exports..	813,560	1.09	5,017,813	6.69	43,924,086	58.63	6,661,550	8.89	18,365,876	24.52	....	.....	134,859	0.18	74,917,744
1883. Total Exports..	1,643,737	1.89	6,544,757	7.54	42,895,811	49.44	9,401,240	10.84	25,720,564	29.64	384,183	0.44	176,541	0.20	86,766,833
1884. Total Exports..	1,536,761	2.12	5,796,081	7.98	36,256,496	49.94	7,310,425	10.07	21,160,610	29.15	300	.....	535,350	0.74	72,596,023
1885. Total Exports..	1,313,119	1.64	5,458,845	6.82	44,325,483	55.36	9,461,436	11.82	18,629,548	23.27	21,486	0.03	845,515	1.06	80,055,432
1886. Total Exports..	1,372,437	1.44	5,401,971	5.68	53,087,315	55.84	7,936,499	8.35	23,613,624	24.84	53,021	0.06	3,600,848	3.78	95,065,715
1887. Total Exports..	1,333,456	1.43	6,297,883	6.76	54,192,321	58.17	10,770,757	11.56	18,173,104	19.51	393,080	0.42	2,006,958	2.16	93,167,559
1888. Total Exports..	176,160	0.42	4,456,486	10.63	26,845,423	64.00	1,809,215	4.31	7,824,422	18.66	82,674	0.19	749,419	1.70	41,943,799
1889. Total Exports..	641,683	0.86	7,595,044	10.16	39,571,280	52.96	4,750,922	6.36	21,212,598	28.39	30,885	0.04	912,136	1.22	74,714,548
1890. Total Exports..	388,589	0.40	5,541,868	5.69	46,470,479	47.72	17,365,984	17.83	24,867,659	25.54	38,728	0.04	2,703,624	2.78	97,376,922
1891. Total Exports..	700,207	0.66	6,720,096	6.37	63,342,972	60.06	9,759,037	9.25	19,526,793	18.51	1,575,641	1.50	3,841,771	3.64	105,466,517
1892. Total Exports..	1,010,545	0.64	10,547,506	6.69	73,342,908	46.56	29,988,948	19.04	36,447,180	23.14	1,226,799	0.75	4,954,251	3.15	157,518,137
1893. Total Exports..	1,074,754	1.03	10,520,097	10.08	50,849,971	53.73	9,692,543	9.29	21,643,898	20.75	615,979	0.59	4,719,354	4.52	104,313,603
1894. Total Exports..	1,019,539	1.28	9,638,813	12.16	36,931,010	46.57	7,065,205	8.91	16,220,593	20.46	1,228,962	1.55	7,188,140	9.07	79,292,262
1895. Total Exports..	456,505	0.52	12,662,980	14.43	45,745,816	52.14	5,085,938	5.79	13,756,914	15.67	3,879,346	4.42	6,156,717	7.00	87,744,216
1882 to 1895 inc...	13,481,052	1.08	102,200,240	8.18	662,978,378	53.00	137,059,699	10.95	287,163,374	22.95	9,531,084	0.76	38,525,483	3.08	1,250,939,310
1896. Total Exports..	639,158	0.41	17,691,324	11.39	56,448,894	36.36	14,275,407	9.19	39,110,771	25.19	12,923,820	8.32	14,144,006	9.11	155,233,380
1882 to 1896 inc...	14,120,210	1.01	119,891,564	8.53	719,427,272	51.16	151,335,106	10.76	326,274,145	23.20	22,454,904	1.59	52,669,489	3.75	1,406,172,690

[643] Table No. 13 is a recapitulation of the average percentages for these different ports for the periods named:

TABLE NO. 13.

RECAPITULATION.

PORTS.	SUMMARY OF PERCENTAGES.		
	1878 to 1881 (inclusive)	1882 to 1895 (inclusive)	1882 to 1896 (inclusive)
Portland	0.91%	1.08%	1.01%
Boston	7.00%	8.18%	8.53%
New York	51.76%	53.00%	51.16%
Philadelphia	15.13%	10.95%	10.76%
Baltimore	25.05%	22.95%	23.20%
Norfolk	.15%	0.76%	1.59%
Newport News	.00%	3.08%	3.75%
	100.00%	100.00%	100.00%

Table No. 14 shows the exports of wheat, corn and oats from Boston, New York, Philadelphia and Baltimore from 1878 to 1896, inclusive, together with the percentages, in each case, of the total shipments from these four ports. Table No. 15 shows the value of all exports from Boston, New York, Philadelphia, Baltimore, Norfolk and Newport News for the years 1878 to 1896, together with the percentage of each port to the whole. These tables follow:

TABLE No. 14.

Shipments of Wheat, Corn, and Oats from Boston, New York, Philadelphia and Baltimore from 1878 to 1896, inclusive. Representing

Philadelphia Commercial Exchange
Philadelphia Board of Trade
Grocers' and Importers' Exchange
Philadelphia Produce Exchange

Philadelphia Oil Trade Association
Master Builders' Exchange
Manufacturers' Club
The Trades League of Philadelphia

Hardware Merchants' and Manufacturers' Association,
W. R. TUCKER, Sec'y,
The Bourse, Room 248.

	BOSTON.		NEW YORK.		PHILA.		BALTIMORE.		TOTALS.
1878	....	.....	53,510,363W	65.07	8,954,449W	10.89	19,766,074W	24.01	82,230,886
"	....	.....	26,118,892C	41.91	19,652,826C	31.54	16,543,812C	26.55	62,315,530
Totals	10,502,388	6.77	79,629,255	51.36	28,607,275	18.45	36,309,886	23.43	155,045,804
1879	....	.....	60,541,234W	55.94	16,814,572W	15.53	30,869,104W	28.52	108,224,910
"	....	.....	34,357,057C	49.38	14,039,228C	20.18	21,155,422C	30.42	69,551,707
Totals	11,057,454	5.85	94,898,291	50.25	30,853,800	16.34	52,024,526	27.55	188,834,071
1880	11,263,798W	8.51	74,863,083W	56.56	11,312,590W	8.54	34,923,152W	26.38	132,362,623
"	3,275,665C	4.74	34,646,089C	50.13	16,579,645C	23.99	14,604,364C	21.13	69,105,762
Totals	14,539,463	7.22	109,509,172	54.35	27,892,234	13.84	49,527,516	24.58	201,468,385
1881	3,162,540W	4.52	38,366,185W	54.91	8,892,260W	12.72	19,453,676W	27.84	69,874,661
"	8,006,095C	14.89	27,554,077C	51.26	6,099,434C	11.34	12,097,376C	22.50	53,756,982
Totals	11,168,635	9.03	65,920,262	53.32	14,991,694	12.12	31,551,052	25.52	123,631,643
1882	2,843,493W	4.54	36,670,191W	58.58	5,852,951W	9.35	17,233,469W	27.53	62,600,104
"	2,174,320C	19.12	7,253,895C	63.79	808,599C	7.10	1,132,407C	9.96	11,369,221
Totals	5,017,813	6.78	43,924,086	59.38	6,661,550	9.01	18,365,876	24.83	73,969,325
1883	1,989,748W	4.79	20,046,291W	48.22	4,096,297W	9.85	15,434,689W	37.13	41,567,025
"	4,555,009C	10.59	22,849,520C	53.14	5,304,943C	12.34	10.285,875C	23.92	42,995,347
Totals	6,544,757	7.74	42,895,811	50.72	9,401,240	11.11	25,720,564	30.41	84,562,372
1884	1,639,598W	3.26	26,767,296W	53.32	5,566,173W	11.09	16,217,600W	32.31	50,190.667
"	4,156,483C	20.44	9,442,200C	46.67	1,744,252C	8.57	4,943,010C	24.31	20,335,945
Totals	5,796,081	8.21	36,259,496	51.41	7,310,425	10.36	21,160,610	30.00	70,526,612
1885	1,680,022W	6.24	17,111,294W	63.60	3,532,192W	13.13	4,581,261W	17.03	26,904,769
"	3,778,823C	7.41	27,214,189C	53.39	5,929,244C	11.63	14,048,287C	27.56	50,970,543
Totals	5,458,845	7.01	44,325,483	56.92	9,461,436	12.15	18,629,548	23.92	77,875,312
1886	2,376,298W	4.65	32,090,610W	62.89	6,079,146W	11.91	10,475,395W	20.53	51,021,449
"	3,025,673C	7.75	20,996,705C	53.81	1,857,353C	4.76	13,138,229C	33.67	39,017,960
Totals	5,401,971	6.00	53,087,315	58.96	7,936,499	8.81	23,613,624	26.23	90,039,409
1887	3,983,925W	6.06	41,886,049W	63.75	8,774,174W	13.35	11,057,290W	16.83	65,701,438
"	2,313,958C	9.74	12,306,272C	51.85	1,996,583C	8.41	7,115,814C	29.98	23,732,627
Totals	6,297,883	7.04	54,192,321	60.59	10,770,757	12.04	18,173,104	20.32	89,434,065
1888	1,210,666W	6.42	12,609,242W	66.88	949,844W	5.03	4,082,508W	21.65	8,852,260
"	3,245,820C	14.69	14,236,181C	64.46	859,371C	3.89	3,741,914C	16.94	22,083,286
Totals	4,456,486	10.88	26,845,423	65.58	1,809,215	4.42	7,824,422	19.11	40,935,546
1889	459,111W	2.74	10,784,303W	64.41	1,110,606W	6.63	4,389,790W	26.21	16,743,810
"	7,135,933C	12.65	28,786,977C	51.05	3,640,316C	6.45	16,822,808C	29.83	56,386,034
Totals	7,595,044	10.38	39,571,280	54.11	4,750,922	6.49	21,212,598	29.01	73,129,844
1890	525,287W	2.83	12,569,286W	67.88	617,876W	3.33	4,803,453W	25.91	18,515,902
"	4,500,703C	6.89	24,600,147C	37.68	16,735,521C	25.63	19,447,144C	29.78	65,283,515
"	515,878O	4.93	9,301,046O	89.04	12,587O	0.12	617,053O	5.90	10,446,564
Totals	5,541,868	5.87	46,470,479	49.31	17,365,984	18.42	24,867,650	26.38	94,245,981

TABLE NO. 14—(*Continued*).

	BOSTON.		NEW YORK.		PHILA.		BALTIMORE.		TOTALS.
1891	2,787,125W	3.85	46,957,113W	64.98	6,840,503W	9.46	15,673,334W	21.69	72,258,075
"	3,897,565C	16.56	13,180,393C	55.99	2,608,677C	11.08	3,852,911C	16.36	23,539,546
"	35,406O	0.98	3,205,466O	90.25	309,857O	8.70	548O	.....	3,551,277
Totals	6,720,096	6.76	63,342,972	63.75	9,759,037	9.82	19,526,793	19.65	99,348,898
1892	7,501,903W	8.86	50,813,295W	60.03	9,762,594W	11.53	16,567,652W	19.57	84,645,444
"	2,971,858C	4.85	18,786,801C	30.67	19,779,876C	32.29	19,707,257C	32.16	61,245,792
"	73,745O	1.64	3,742,812O	84.37	446,478O	10.06	172,271O	3.88	4,435,306
Totals	10,547,506	7.02	73,342,908	48.79	29,988,948	19.95	36,447,180	24.24	150,326,542
1893	5,275,276W	8.48	38,047,932W	61.18	5,723,510W	9.20	13,141,293W	21.13	62,188,011
"	5,241,170C	18.05	12,802,039C	44.09	3,865,633C	13.31	7,122,350C	24.53	29,031,192
"	3,651O	0.05	5,197,007O	77.75	103,400O	1.54	1,380,255O	20.64	6,684,313
Totals	10,520,097	10.74	56,046,978	57.24	9,692,543	9.90	21,643,898	22.11	97,903,516
1894	5,812,828W	13.21	25,141,494W	57.16	4,487,496W	10.20	8,543,685W	19.42	43,985,503
"	3,823,635C	15.00	11,406,711C	44.76	2,577,540C	10.11	7,676,862C	30.12	25,484,748
"	2,350O	0.61	382,805O	99.34	169O	.....	46O	.....	385,370
Totals	9,638,813	13.80	36,931,010	52.88	7,065,205	10.11	16,220,593	23.22	69,855,621
1895	7,380,391W	19.52	24,554,758W	64.99	1,885,598W	4.98	3,976,838W	10.52	37,797,585
"	5,281,069C	13.98	19,693,471C	52.15	3,140,920C	8.32	9,645,758C	25.54	37,761,218
"	1,520O	0.09	1,497,587O	88.47	59,420O	3.51	134,318O	7.93	1,692,845
Totals	12,662,980	16.39	45,745,816	59.21	5,085,938	6.58	13,756,914	17.81	77,251,648
1896	9,781,250W	22.73	21,766,950W	50.57	4,902,181W	11.38	6,588,559W	15.31	43,038,940
"	5,990,397C	10.09	18,861,794C	31.68	8,934,402C	15.06	25,602,693C	43.15	59,329,286
"	1,919,677O	7.62	15,880,150O	63.12	438,824O	1.74	6,919,519O	27.50	25,158,170
Totals	17,691,324	13.82	56,448,894	44.26	14,275,407	11.19	39,110,771	36.67	127,526,396

Table No. 15.

	1878.		1879.		1880.		1881.	
	Dollars.	Per cent.	Dollars.	Per cent.	Dollars.	Per cent.	Dollars.	Per cent.
Philadelphia	44,508,089	9.42	47,013,751	9.59	49,612,195	8.50	44,147,296	7.35
New York	327,226,478	69.26	327,796,819	66.87	385,506,602	66.07	393,658,204	65.59
Boston	46,542,044	9.85	48,100,019	9.81	58,023,587	9.95	72,100,193	12.01
Baltimore	45,492,527	9.63	57,474,495	11.72	76,220,870	13.06	72,444,413	12.07
Norfolk	8,693,680	1.84	9,830,352	2.01	14,065,455	2.42	17,864,790	2.98
Newport News	....	......	....	......	....	......	....	......
	1882.		**1883.**		**1884.**		**1885.**	
	Dollars.	Per cent.	Dollars.	Per cent.	Dollars.	Per cent.	Dollars.	Per cent.
Philadelphia	37,957,661	7.77	38,132,145	7.33	36,467,799	7.69	38,642,516	7.81
New York	332,102,136	67.94	347,308,334	66.77	320,016,246	67.45	334,718,227	67.68
Boston	61,614,526	12.60	61,273,101	11.78	62,528,000	13.18	61,378,633	12.41
Baltimore	39,412,642	8.06	54,956,050	10.57	43,064,217	9.08	45,041,634	9.11
Norfolk	17,730,532	3.63	18,445,548	3.55	12,353,256	2.60	14,797,181	2.99
Newport News	....	......	....	......	....	......	....	......
	1886.		**1887.**		**1888.**		**1889.**	
	Dollars.	Per cent.	Dollars.	Per cent.	Dollars.	Per cent.	Dollars.	Per cent.
Philadelphia	33,719,861	7.68	35,361,876	7.57	28,733,415	6.47	29,707,437	6.29
New York	304,496,611	69.34	306,842,375	65.72	301,486,784	67.87	312,542,283	66.13
Boston	53,428,513	12.17	57,775,156	12.38	55,482,664	12.49	65,868,409	13.94
Baltimore	35,844,829	8.16	51,601,118	11.05	46,212,036	10.40	50,602,996	10.71
Norfolk	11,656,137	2.65	15,310,247	3.28	12,289,110	2.77	13,841,897	2.93
Newport News	....	......	....	......	....	......	....	......
	1890.		**1891.**		**1892.**		**1893.**	
	Dollars.	Per cent.	Dollars.	Per cent.	Dollars.	Per cent.	Dollars.	Per cent.
Philadelphia	37,239,820	6.85	33,438,639	6.18	58,460,926	8.63	49,374,447	8.78
New York	341,332,396	62.78	338,958,649	62.66	406,021,581	59.97	339,787,339	60.44
Boston	70,364,955	12.94	76,719,517	14.18	86,611,526	12.78	84,595,159	15.05
Baltimore	73,964,802	13.60	64,356,479	11.90	98,799,890	14.58	71,482,652	12.71
Norfolk	13,841,897	2.55	16,475,752	3.05	13,065,537	1.92	8,877,226	1.58
Newport News	6,958,369	1.28	10,961,744	2.03	14,444,367	2.10	8,113,714	1.44

TABLE No. 15—(*Continued*).

	1894.		1895.		1896.	
	Dollars.	Per cent.	Dollars.	Per cent.	Dollars.	Per cent.
Philadelphia	40,280,353	6.88	38,345,970	7.31	43,861,275	7.68
New York	359,230,901	61.37	317,994,574	60.62	344,355,492	60.34
Boston	82,841,346	14.15	85,035,218	16.21	94,638,178	16.58
Baltimore	78,340,983	13.38	61,894,218	11.80	66,363,273	11.63
Norfolk	10,353,597	1.77	7,792,572	1.49	6,761,484	1.19
Newport News	14,337,597	2.45	13,469,541	2.57	14,755,676	2.58

[645] Table No. 16 shows the total exports of provisions, including beef, canned, salted and fresh; bacon, hams, pork, lard, mutton and tallow for the years 1892 to 1896, inclusive, at the ports named:

TABLE No. 16.

NEW YORK.

1892	887,836,620	lbs.
1893	804,765,036	"
1894	778,758,027	"
1895	770,718,476	"
1896	766,227,891	"

BALTIMORE.

1892	157,383,519	lbs.
1893	88,567,714	"
1894	125,220,538	"
1895	143,705,570	"
1896	141,037,642	"

PHILADELPHIA.

1892	64,802,181	lbs.
1893	76,751,046	"
1894	64,426,543	"
1895	52,940,973	"
1896	62,920,448	"

BOSTON.

1892	384,779,993	lbs.
1893	368,908,074	"
1894	346,687,323	"
1895	397,863,666	"
1896	418,743,485	"

NEWPORT NEWS.

1892	7,899,766	lbs.
1893	290,386	"
1894	6,788,410	"
1895	10,111,046	"
1896	21,866,968	"

NORFOLK.

1892	293,507	lbs.
1893	1,293,250	"
1894	116,800	"
1895	163,500	"
1896	137,800	"

Table No. 17 shows the exports of flour in barrels from Boston, New York, Philadelphia, and Baltimore for the years 1886 to 1896, inclusive:

TABLE NO. 17.

Year.	Boston.	New York.	Philadelphia.	Baltimore.
1886	2,083,732	3,466,843	386,162	1,662,502
1887	2,058,321	4,431,100	603,093	3,081,246
1888	1,493,460	3,820,274	670,439	2,417,874
1889	1,222,851	3,710,565	554,370	2,332,805
1890	1,289,297	3,693,598	834,480	2,624,282
1891	1,558,673	4,128,360	1,156,342	2,703,715
1892	2,090,720	6,034,260	1,843,647	3,661,623
1893	1,855,471	6,047,931	1,376,434	3,331,374
1894	2,103,422	6,292,106	1,277,767	2,943,562
1895	1,433,157	4,516,145	903,122	2,539,981
1896	1,457,526	4,817,439	654,126	3,065,845

Table No. 18 gives the total value of imports of all kinds at Boston, New York, Philadelphia, Baltimore and Norfolk, for the years 1878 to 1896, inclusive, together with the percentages of the total for each port:

TABLE No. 18.

VALUE OF IMPORTS OF FOREIGN MERCHANDISE FOR FISCAL YEARS ENDING JUNE 30TH.

YEAR.	Baltimore.	Per Ct.	Boston.	Per Ct.	New York.	Per Ct.	Norfolk.*	Phila.	Per Ct.	Total in Round Numbers.
1878	16,899,855	4.5	40,268,023	10.9	292,797,559	79.3	33,011	19,333,496	5.2	369,000,000
1879	14,017,604	3.7	40,448,791	10.6	302,349,053	79.3	33.814	24,377,271	6.4	381,000,000
1880	19,945,989	3.4	68,503,136	11.7	459,937,153	78.7	47,057	35,944,500	6.2	584,000,000
1881	16,189,816	3.0	61,960,103	11.3	435,450,904	79.8	113,688	32,583,106	5.9	546,000,000
1882	14,938,258	2.4	69,594,057	11.4	493,060,891	80.6	369,096	34,136,579	5.6	612,000,000
1883	14,599,179	2.3	72,552,075	11.8	496,005,276	80.4	186,355	33,738,556	5.5	617,000,000
1884	11,423,665	2.0	65,865,551	11.5	465,119,630	80.7	223,626	33,657,216	5.8	576,000,000
1885	11,849,696	2.5	53,445,929	11.2	380,077,748	80.0	130,214	29,919,019	6.3	475,000,000
1886	11,696,944	2.2	58,430,707	11.1	419,338,932	79.8	124,717	36,561,313	6.8	526,000,000
1887	12,535,920	2.2	61,018,330	10.7	456,698,631	80.0	99,956	39,952,349	7.0	570,000,000
1888	11,741,585	2.0	63,897,778	10.8	470,426,774	80.1	95,036	41,772,121	1.1	587,000,000
1889	15,223,844	2.5	66,731,023	11.1	472,153,507	78.4	180,640	48,528,602	8.0	602,817,616
1890	13,140,203	2.0	62,876,666	9.8	516,426,693	79.9	89,042	53,936,315	8.3	646,468,919
1891	20,555,687	3.0	71,212,614	10.3	537,786,007	78.1	75,172	59,427,890	8.6	689,057,370
1892	13,418,523	2.0	71,780,489	10.5	536,538,112	78.7	44,435	60,006,791	8.8	681,788,350
1893	16,150,946	2.3	79,357,654	11.2	548,558,593	77.2	40,153	66,122,147	9.3	710,229,493
1894	11,978,900	2.3	50,309,331	9.5	415,795,991	78.2	104,997	53,726,963	10.0	531,916,182
1895	12,260,706	2.0	66,889,118	11.0	477,741,128	78.8	268,330	49,037,037	8.2	606,196,319
1896	13,476,630	2.1	79,179,864	12.3	499,932,792	78.6	219,350	44,001,500	7.0	636,810,136

*Norfolk imports were less than 1 per cent.

[648] We have caused to be compiled from the government records the following table, marked No. 19, showing the total value of all imports and exports through the Atlantic and Gulf ports for the years 1895, 1896, and 1897, together with the percentage of each port to the entire group for the year 1897, and also the percentage of each port to the total imports and exports of the United States for the same year:

TABLE No. 19.

IMPORTS.

Ports.	1895.	1896.	1897.	P. Ct. Total.	P. Ct. Group.
Boston	$66,889,118	$79,179,864	$90,178,419	11.80	13.89
New York	477,741,128	499,932,792	480,603,580	62.85	74.06
Philadelphia	48,802,676	43,840,836	48,072,672	6.29	7.41
Baltimore	12,260,706	13,476,630	11,371,193	1.49	1.75
Norfolk	268,330	219,350	121,858	.02	.02
Newport News	1,032,849	1,131,628	1,169,315	.15	.18
New Orleans	13,861,507	13,471,142	16,618,727	2.17	2.57
Galveston	369,575	602,770	779,101	.10	.12
Total			$648,914,865	84.87	100.00

EXPORTS.

Ports.	1895.	1896.	1897.	P. Ct. Total.	P. Ct. Group.
Boston	$85,505,196	$95,851,004	$100,857,281	9.60	12.22
New York	325,580,062	354,274,941	391,679,907	37.27	47.43
Philadelphia	35,043,093	39,567,376	47,305,273	4.51	5.72
Baltimore	61,938,991	66,398,905	85,692,651	8.15	10.37
Norfolk	7,792,572	6,761,484	18,581,532	1.77	2.25
Newport News	13,469,541	14,850,117	22,109,575	2.10	2.68
New Orleans	68,413,362	80,986,791	101,494,120	9.66	12.29
Galveston	41,886,651	36,397,091	58,198,174	5.54	7.04
Total			$825,918,513	78.60	100.00

The complainant contends that an inspection of all these statistics shows that since 1882 the export business in grain and provisions has been gradually leaving the port of New York and that this is especially marked in the year 1896. In explanation of this last named fact, it further contends that during most of the time the differentials, while existing nominally, have not in reality been maintained, but that beginning with 1896, they were rigorously maintained and that for that reason the result in 1896 [649] is a fair test of what differentials will do, and conclusively demonstrates their unfairness.

Several witnesses were introduced who testified that rates generally were not maintained, and that probably means that the differentials were not maintained. For the purpose of showing, however, that they

were maintained in 1896, the complainants introduced George R. Blanchard, commissioner of the Joint Traffic Association, who testified, in substance, that after the taking effect of the Joint Traffic Association agreement, on the 1st of January, 1896, rates were better maintained than they had been at any time for a long period except for something like a year or a year and a half after the Act to Regulate Commerce went into effect, which was April 1, 1887. Mr. Blanchard did not profess to say that at the time of the giving of his testimony, about March 16, 1897, rates were being maintained, nor did he distinctly state how long they had been maintained, nor the extent to which they had been maintained, but simply gave his impression in general that they were better observed in 1896 than at any other period, except a year or thereabouts immediately following the enactment of the Interstate Commerce Law.

There is no testimony in this case, and we have no information from which we can form even a reasonable conjecture as to the extent to which these differentials have been on the whole ignored from 1882 down. It seems to be tacitly admitted that they have been to some extent, some witnesses thought to a great extent. The testimony upon this subject was only fragmentary. It applied to no definite time and it gave no definite figures. It was simply an impression. There was, however, testimony in the case which tended to show that during the year 1896 and in the early part of the year 1897 these rates were not maintained. Witnesses testified that corn F. O. B. the vessel could be and had been bought at Baltimore and Philadelphia for between 3 and 4 cents a bushel less than it could be bought for in New York. Other witnesses testified that at times corn could be purchased F. O. B. New York cheaper than it could be at the outports. The differential is 2 cents per hundred in favor of Philadelphia and 3 cents in favor of Baltimore. This would, roughly speaking, amount to 1 cent a bushel on corn to Philadelphia and 1½ cents a bushel to Baltimore. The differential, therefore, would not [650] account for the difference in price between those ports and New York, nor would anything else account for it, except the fact that a better freight rate was obtained to those ports for the time being. The fact that export dealers, having houses in Chicago where they could buy the corn and pay their own transportation charges and where in past years they had to a very considerable extent transacted this business, did not during the year 1896 buy corn there at all, because they found it cheaper to buy it upon the seaboard, indicates that the rate charged was not the open and published rate, but that the persons of whom they purchased corn at the seaboard enjoyed certain advantages in the way of transportation facilities which

they did not enjoy. The Joint Traffic Association was formed for the purpose among others, of maintaining the published rates, and the members of that association undoubtedly entered upon the execution of that agreement with the resolution that rates should be maintained. That, together with the machinery of the association, undoubtedly resulted in the better maintenance of rates for a time, but for how long a time it is altogether impossible to say from any testimony before us. There is nothing in this case upon which any finding of value as to the maintenance of rates at one time and their non-maintenanee at another time can be based, and we cannot undertake to make any finding of that sort.

The testimony upon the part of Baltimore tended to show that the Baltimore & Ohio Railroad during the years 1893, 1894 and 1895, and possibly some preceding years, was so crippled financially that it was in no position to compete actively with other lines for this business, but that in 1896, owing to large expenditures by the receivers, it did become able to enter such active competition. The probability would seem to be that these different lines leading from the West to the seaboard have felt themselves entitled to about a certain part of this business. When they have been able to obtain that at the tariff rate the tariff rate has been maintained. When, in order to obtain the business, it has been necessary to reduce the tariff rate, it has been reduced. When the Baltimore & Ohio Railroad was in shape to do the business it got the business to do, and every other line in the same way.

The complainant alleged that New York enjoyed certain **[651]** advantages which entitled it to the larger share of this export business. The interveners insisted that the port of New York labored under certain disadvantages. Some of these relative advantages and disadvantages have been referred to. New York has the largest and most accessible harbor, but, upon the other hand, its port charges are heavy. Its advantages arising from the great accumulation of wealth and concentration of business at that point need not be referred to here. They are matters of common notoriety, and the extent to which New York enjoys those advantages abundantly appears from the tables hereinbefore given. There are certain elements which may be peculiar to the handling of grain and which perhaps ought to be especially referred to.

The first of these is the elevator storage capacity.

That of the four ports is, in bushels, about as follows:

New York	30,075,000
Boston	4,550,000
Philadelphia	3,925,000
Baltimore	5,350,000

Practically all the storage capacity at Boston, Philadelphia and Baltimore is owned by the railroad companies, while at New York private companies own 24,075,000 bushels. This great storage capacity in and around New York enables the carrying by private parties for immediate delivery of very considerable stocks of grain, and the testimony showed that grain, especially wheat, was so carried to a very considerable extent. New York, as already said, has a grain market of its own, and it is possible to buy there at almost any time for immediate delivery. The great storage capacity at New York also permits the bringing of grain during the canal season and the storing of it against the time when it must be brought in upon the higher all-rail rates.

The canal gives New York another advantage to the benefit of which it strenuously insisted it was entitled. It is well known that grain can be brought *via* the Great Lakes and the Erie Canal to New York by water, and that the cost of transportation by this means has heretofore been ordinarily considerably less than by rail. The comparative water and rail rates from 1878 to 1896, inclusive, appear in the following tables. The first of these, No. 20, states the rates per bushel by lake from Chicago to Buffalo **[652]** and by canal from Buffalo to New York on wheat and corn. The second, No. 21, gives a combination of these two rates, showing the total rate per bushel by water from Chicago to New York. This last rate is exclusive of elevator charges. The third table, No. 22, gives the average rail rate for the same period from Chicago to New York by the bushel, while No. 23 states the same rates by the hundred pounds.

Table No. 20.

Season Averages of Lake and Canal Freights from 1878 to 1896, inclusive.

	Chicago to Buffalo. Lake.		Buffalo to New York. Canal.	
	Wheat, 60 lbs. Cents.	Corn, 56 lbs. Cents.	Wheat, 60 lbs. Cents.	Corn, 56 lbs. Cents.
Season 1878	3.07	2.85	6.08	5.46
" 1879	4.74	4.27	6.86	6.17
" 1880	5.76	5.34	6.51	5.80
" 1881	3.44	2.97	4.75	4.30
" 1882	2.50	2.29	5.39	4.94
" 1883	3.41	3.10	4.96	4.56
" 1884	2.18	1.94	4.13	3.70
" 1885	2.02	1.83	3.85	3.55
" 1886	3.68	3.42	5.03	4.56
" 1887	4.13	3.82	4.38	4.06
" 1888	2.56	2.32	3.37	3.09
" 1889	2.51	2.26	4.38	3.93
" 1890	1.96	1.69	3.89	3.41
" 1891	2.38	2.20	3.58	3.16
" 1892	2.19	1.94	3.42	3.09
" 1893	1.66	1.45	4.65	4.26
" 1894	1.27	1.13	3.17	2.86
" 1895	1.92	1.76	2.19	1.95
" 1896	1.58	1.42	3.71	3.51

Table No. 21.

Season Averages of Lake and Canal Freights from 1878 to 1896, inclusive.

	Chicago to New York, via Buffalo.	
	Wheat 60 lbs. Cents.	Corn, 56 lbs. Cents.
Season 1878	9.15	8.31
" 1879	11.60	10.44
" 1880	12.27	11.14
" 1881	8.19	7.26
" 1882	7.89	7.23
" 1883	8.37	7.66
" 1884	6.31	5.64
" 1885	5.87	5.38
" 1886	8.71	7.98
" 1887	8.51	7.88
" 1888	5.93	5.41
" 1889	6.89	6.19
" 1890	5.85	5.10
" 1891	5.96	5.36
" 1892	5.61	5.03
" 1893	6.32	5.72
" 1894	4.44	3.99
" 1895	4.11	3.71
" 1896	5.29	4.93

TABLE No. 22.

Statement showing the average rail rate on wheat and corn from 1878 to 1896, inclusive. Rates in cents per bushel.

Year.	From Chicago to New York via All Rail.	
	Wheat.	Corn.
1878	17.62	16.44
1879	17.36	16.29
1880	19.65	18.34
1881	15.02	12.84
1882	14.66	12.85
1883	16.18	15.10
1884	13.57	12.67
1885	12.89	12.03
1886	15.09	14.08
1887	15.67	14.63
1888	14.71	13.73
1889	14.85	12.69
1890	14.39	11.35
1891	15.	14.
1892	14.09	13.15
1893	14.74	13.75
1894	12.38	11.56
1895	12.17	11.36
1896	11.11	10.37

TABLE No. 23.

Statement showing the average rail rate on wheat and corn from 1878 to 1896, inclusive. Rates in cents per hundred pounds.

Year.	From Chicago to New York via All Rail.	
	Wheat.	Corn.
1878	29.36	29.36
1879	28.93	28.93
1880	32.75	32.75
1881	25.03	22.92
1882	24.43	22.95
1883	26.96	26.96
1884	22.62	22.62
1885	21.48	21.48
1886	25.15	25.15
1887	26.12	26.12
1888	24.52	24.52
1889	24.75	22.66
1890	23.99	20.26
1891	25.	25.
1892	23.49	23.49
1893	24.56	24.56
1894	20.64	20.64
1895	20.29	20.29
1896	18.52	18.52

In connection with the subject of the canal and canal rates, it is proper to notice the testimony of Mr. Depuy, the owner of a fleet of canal boats, who asked leave to appear before the Commission in this matter.

Mr. Depuy stated that the elevator charges at Buffalo and at New York were a most serious handicap to the transportation of grain by canal, and that these charges were to a very considerable extent illegal and excessive.

The statute of New York fixes $\frac{5}{8}$ of a cent per bushel as the charge for elevating grain in that State. It is not possible, however, to obtain the transfer of grain at Buffalo from a lake vessel to a canal boat for that price. In addition to the $\frac{5}{8}$ of a cent a charge of $\frac{1}{4}$ of a cent for storage and $1.65 per thousand bushels for trimming is made. These amount upon a hundred thousand bushels to $415. The legal charge for rendering that service, according to the claim of Mr. Depuy, would be $625, while the actual charge for transferring 100,000 bushels from the vessel to the canal boat is $1,040.

At New York, the grain is sometimes stored in private ware- [655]
houses and sometimes placed directly upon the vessel. If stored not to exceed ten days in a private warehouse, and from thence taken and put into the vessel, the cost per 100,000 bushels, according to Mr. Depuy, is $1,812.50. If it goes directly from the canal boat into the vessel the cost for the 100,000 bushels is $1,250, which is the charge made by the floating elevator for transferring the grain from the canal boat to the vessel. Of this charge Mr. Depuy says that $625 is legal and the balance illegal. The floating elevator charges $\frac{5}{8}$ of a cent for elevating, $\frac{1}{8}$ of a cent for trimming and $\frac{1}{2}$ cent per bushel for moving the elevator from place to place, making in all a charge of $1\frac{1}{4}$ cents per bushel as against the statutory charge of $\frac{5}{8}$ of a cent per bushel.

The terminal charges, therefore, necessarily incurred in taking 100,000 bushels of grain from the vessel at Buffalo and putting it upon the vessel at New York are $2,290, of which Mr. Depuy says $1,010 are illegal.

He further insisted that the railroad companies themselves owned the elevators at Buffalo and made from their operation by transferring canal grain at this price a very large sum, insisting that the actual cost of elevating grain did not exceed 1-32 of a cent per bushel, and that the statutory charge of $\frac{5}{8}$ of a cent per bushel was $2\frac{1}{2}$ times what the elevators had previously charged in open competition before the elevator trust at that place was formed.

We should hardly base any finding of fact upon this testimony, nor does the subject seem to be very material to the disposition of this case.

We refer to it as an item of some importance in determining possibly why the canal brings less grain to New York now than in former years. The average rate of transportation by canal from Buffalo to New York in the year 1895 was about 2 cents a bushel, so that the terminal charges upon 100,000 bushels during that season must have considerably exceeded the total freight money.

It was contended by the interveners that the system of grain inspection at New York worked to the disadvantage of that port. It appeared that grain which graded No. 2 at Chicago would take the same grade at Boston, Philadelphia or Baltimore, while at New York it might grade as "Steamer," that being the next [656] lower quality. The principal difference between Steamer Corn and No. 2 seemed to be that the former was somewhat damper than the latter. The elevators at the port of New York in the process of elevating subject the corn to a blowing operation by which it is dried, cooled and to some extent relieved of foreign substances. It appeared to be admitted that corn which graded in as Steamer after being subjected to this process almost invariably graded out for export as No. 2. It did not appear exactly what the difference in price between No. 2 and Steamer was. It seemed to be generally understood that Steamer Corn at New York was available for export as No. 2, after being treated in this manner, and the price may very likely have been affected by that understanding. At times there was a difference of 2 or 3 cents a bushel. At times there was practically no difference, and the rule seems to have been that the difference was slight—not usually exceeding 1 cent or 1½ cents a bushel.

Whether this worked to the disadvantage of New York did not clearly appear. It did seem that it was generally understood that the inspection at New York was more rigid upon inward grain than at other ports, so that the seller in the West did not always obtain at that port the grade to which he conceived himself entitled, and this operated to render New York unpopular as a market. Upon the contrary, if the merchants at New York can pay for Steamer Corn and export the same corn as No. 2, that must be a considerable advantage to them.

CONCLUSIONS.

The questions presented by this record upon the foregoing facts are of very considerable importance. The differentials in case of every locality except Boston apply not merely upon freight intended for export, but upon all traffic forwarded to these points. In order to abolish the differentials it would be necessary either to raise the Baltimore and Philadelphia rates, or to reduce the New York rate. If the New

York rate were to be reduced it would amount, upon all the traffic to which that differential applies, to the loss of nearly $1,000,000 per year. If the Baltimore rate were to be raised to the basis of the New York rate, that would add about the same amount to the revenues of the lines serving localities south of New York, and in each case this [657] would mean an addition to or a subtraction from the net revenues of the companies. This is upon the assumption that the volume of traffic continues the same; but the purpose of a differential is to influence the flow of traffic and the abolishing of these might divert to the New York lines such quantities of freight as to seriously deplete the revenues of the southern lines. It is, therefore, from the standpoint of the carriers, a most delicate matter to attempt to modify these differentials, and this is sufficiently shown by the fierce contests which resulted in the adoption of those now in force.

Upon its part the complainant insists that some relief of the kind asked for is of vital consequence to New York. In 1882 something more than 50 per cent. of all the wheat, corn and oats exported through the Atlantic and Gulf ports went out from the port of New York, while in 1896, this per cent. had fallen to a little more than 25, and the decline from 1895 to 1896 was shown to be more than three-fourths of the total shrinkage. Now, the complainant says that while New York may for a single year, or for two or three years, continue to hold its import trade, notwithstanding the loss of its exports, eventually imports will flow in through the same ports from which exports go out, and that if the larger part of grain exports are diverted by these differentials from New York, the result will eventually be the loss to that city of a corresponding amount of its foreign trade, so that this condition of things becomes a most serious menace to the commerce of that port.

Philadelphia and Baltimore, upon the other hand, strenuously insist that to abolish these differentials would take from them the little foreign trade which they are now enabled to obtain.

It should be noticed in the outset exactly what the relation of the Commission is to the questions presented. It seems to have been more or less assumed upon the hearing and discussion of this matter that the Commission was vested with authority to revise the action of the defendants in the making of these differentials, and that the same considerations would address themselves to us in passing upon their correctness that the defendants ought to have considered in putting them in force. This is entirely wrong. Our function is not that of the Advisory Commission of 1882. We are not discharging the duties of arbitrators selected to determine [658] between the different carriers upon the fairness of these differentials. Our only jurisdiction is to

inquire whether the Act to Regulate Commerce has been violated. That law does not seek to infere with the business operations of carriers subject to its provisions until those operations contravene the provisions of the act itself.

Take the situation presented by this case. Here is a vast amount of freight to be transported from the West to the Atlantic seaboard, and here are these various line of railway so situated that they can participate in that transportation. Now, considering this as a business proposition from the standpoint of the carrier, we have nothing whatever to do with it. The railways may make whatever rates, form whatever lines, establish whatever differentials, they may deem best for the purpose of securing and conducting that transportation. Whether in so doing they act wisely or unwisely, fairly or unfairly between themselves, we do not inquire. Our only inquiry is, does the situation which the carriers have created violate the Act to Regulate Commerce. That this is the extent of our authority is now settled by the decisions of the United States Supreme Court. *Interstate Commerce Commission* v. *Baltimore & Ohio R. Co.*, 145 U. S. 263, 36 L. ed. 699, 4 Inters. Com. Rep. 92; *Texas & P. R. Co.* v. *Interstate Commerce Commission*, 162 U. S. 197, 40 L. ed. 940, 5 Inters. Com. Rep. 405; *Interstate Commerce Commission* v. *Cincinnati, N. O. & T. P. R. Co.*, 167 U. S. 479, 42 L. ed. 243; *Interstate Commerce Commission* v. *Alabama Midland R. Co.*, 168 U. S. 144, 42 L. ed. 414.

The question before us for consideration is, therefore, whether these differentials are in violation of the Interstate Commerce Act. The complainant alleges that they are in contravention of the third section of that act, for the reason that they discriminate against the locality of New York and in favor of the localities of Baltimore and Philadelphia. It should be noticed in this connection, upon the authority of the cases above cited, that it is not sufficient to show the fact of such a discrimination. Railway companies are not prohibited by the third section from preferring one locality to another unless that preference amounts to an undue or unreasonable one. This phase of the law does not seem to have been much dwelt upon in the argument, but it [659] is important that it should be fully appreciated. It is insisted that these differentials give an undue preference for the reason that they are without excuse or justification. If the assumption of fact embraced in this statement is true, the conclusion probably follows. A preference without legitimate excuse would be in and of itself an undue and unreasonable one. It is therefore proper to consider at the very outset upon what alleged pretext the defendants have instituted these differentials.

A good deal has been said in various parts of the case about differences in distance and differences in cost of service, and these alleged advantages in favor of Baltimore and Philadelphia have been earnestly relied upon by the representatives of those localities in justification of the preference which they receive. An examination of the whole case plainly shows, however, that while these elements may have to some extent entered into the determination of the question by the defendant carriers, the controlling purpose of the differentials is to distribute between rival railway lines the export traffic which moves from the West to the Atlantic seaboard. Very large quantities of grain and provisions are exported from the United States to foreign countries. This traffic originates in the West and the defendant lines are so situated that they can carry it to the ports of export. If it passes over one line it is exported through the port of New York; if it passes over another line it is exported through the port of Baltimore. Now, the primary purpose of these differentials is, not to do justice to a particular port, nor to recognize the advantages of a particular port, but to enable the various competing lines to obtain a fair proportion of this traffic. In other words, the reason for these differentials is competition between railways. Cost of service and distance are very likely taken into account by the defendants in determining whether under the operation of the differentials a particular line has obtained more than its share of the traffic, but the underlying principle is competition. Upon no other theory could Boston, which is 88 miles farther from Chicago than New York, be given the same rate with New York, while Norfolk, which is 72 miles farther from Chicago than New York, has a rate of 3 cents per hundred pounds less.

Do these competitive conditions justify the preference of one locality to another? It is clear under the recent decisions of the **[660]** United States Supreme Court, not that they necessarily do, but that they may. It was held in the Import Rate Case, *Interstate Commerce Commission* v. *Texas & P. R. Co.*, 162 U. S. 197, 40 L. ed. 940, 5 Inters. Com. Rep. 405, that competition *might* justify a railway line between New Orleans and San Francisco in carrying merchandise as a part of a through shipment from Liverpool to San Francisco at a rate which yielded to that company for its division less than one-third of what it received for carrying the same kind of merchandise from New Orleans to San Francisco. In the Troy Case, *Interstate Commerce Commission* v. *Alabama Midland R. Co.*, 168 U. S. 144, 42 L. ed. 414, it was determined that railway competition did justify the defendant in making a lower rate to a more distant point. Railway competition may, therefore, excuse the giving of a preference to a particular locality or a par-

ticular commodity, provided the interests of the public are not unduly sacrificed to those of the carrier.

In the light of these cases it is difficult to see why it is not perfectly legitimate for carriers to make differentials like those in question. The Baltimore & Ohio Railroad extends from Chicago to Baltimore. It comes into competition with the lines running to New York for this export grain traffic. There are many kinds of traffic in which other facilities, like expedition, are of more importance than the mere question of rates, but in the case of this traffic where a change of 1/8 cent a bushel in the cost determines through which port it shall be exported, the rate is practically the only medium of competition, and the only way by which the Baltimore & Ohio Company can secure a share of this traffic is by making a rate in competition with the rate to New York which will secure it. If a lower rate is necessary it may make that lower rate, and it might make it even though the distance from Chicago to Baltimore was greater than the distance from Chicago to New York, and even though the cost of transporting that grain to Baltimore was greater than the cost of transporting it to New York.

We think, therefore, that the principle, upon which these differentials are made is legitimate, but it does not by any means follow that the differentials themselves are legitimate. A given preference may be justifiable under some circumstances, and not under others; to some extent, and not to a greater extent. Grant[661]ing that a discrimination against a locality is excusable in theory, the question still remains whether under the third section it is undue or unreasonable, and that question is one of fact in each individual case. Upon the whole situation, is the preference justifiable? This seems to be the rule of the cases above referred to.

Evidently in applying this rule to a particular case the just interest of the carrier should be considered. Carriers are allowed to prefer one locality to another under stress of competition in some instances, for the reason that the interest of the carrier requires it; but every preference is to a degree a hardship upon the community against which it is enforced, and that hardship should be, in a way, set over against the interest of the carrier. In this connection, what the Supreme Court of the United States, in *United States v. Trans-Missouri Freight Asso.*, 166 U. S. 290, 41 L. ed. 1007, said of the relation of the railways to the public, "that they all primarily owe duties to the public of a higher nature even than that of earning large dividends for their shareholders," must be borne in mind. Still it is plain that the interest of the carrier is an important factor to be considered, and that in order

to justly estimate a given case it is necessary to know how the carrier as well as the public stands affected by the preference.

In this case we have no information from the carriers' standpoint. The defendants appeared at the opening hearing, but gradually withdrew from participation in the proceedings until finally the contest became one between the three ports, New York, Philadelphia and Baltimore. We only know that the defendants have established and are maintaining these differentials, and we assume that they are satisfactory to them, and that any disturbance of them would be against their wish and against their interest. This is, perhaps, equivalent to saying that the complainant assumes the burden of establishing the fact that there is an undue preference.

The complainant alleges that an examination of the basis upon which these differentials are constructed and the history of the differentials themselves show them to be manifestly unfair to the port of New York for the reason, first, that the pretended difference in cost of ocean freights from the various ports does [662] not exist, and, secondly, that, asuming the differentials to have been fair when they were first agreed upon in 1877, the changed conditions render them grossly unfair at the present time. We will examine briefly these claims.

The rates complained of are at the present time recognized and maintained by most of the defendants through the medium of the Joint Traffic Association. Mr. George R. Blanchard, the commissioner of that association, stated in his testimony before the commission the theory upon which these differentials were fixed. As we understand his testimony upon that point, it was this: A considerable part of the grain in question is actually shipped from the city of Chicago. Almost all of it is purchased upon the basis of the Chicago market price. Chicago may therefore be treated as the point of origin. The largest foreign market is Liverpool, and that, for the purpose of illustration, may be treated as the point of destination. Now, the object of these differentials is to make the cost transporting this grain from Chicago to Liverpool the same through all these ports. Perhaps, more accurately speaking, Mr. Blanchard testified that the purpose of the differential was to equalize the advantages of transportation through these several ports, but inasmuch as in the exportation of grain, cost is the principal element, it comes to substantially the same thing.

Now, if the purpose of the differential is to make the cost of exporting through the different ports the same, it is evident that in case the cost of carriage from the various domestic ports to the foreign ports is the same, then the cost of placing the grain on shipboard at the domestic ports should also be the same, but that any difference in the expense of

ocean carriage should be equalized by a corresponding difference in the cost of inland carriage. Assuming that the cost of ocean carriage from Baltimore to Liverpool is 3 cents per hundred more than from New York, then the inland rail rate from Chicago to Baltimore must be 3 cents per hundred less, so that the total rate may be the same. This Mr. Blanchard says, is the theory upon which the differentials are determined. There are certain minor considerations, but, broadly speaking, the differential is supposed to correspond with and make good a difference in the ocean freight rate. In order to determine whether the present differentials are consistent [663] with that theory it is only necessary to inquire whether the existing difference in ocean rates corresponds to the established differential.

It will be seen by referring to the findings of fact that grain is carried either in full cargo shipments or at berth rates. It will be further seen that the full cargo rate is the same from each one of these three ports. There are certain minor differences in favor of New York and certain minor differences in favor of Baltimore and Philadelphia; but taken altogether, we are satisfied that practically there is no difference in the expense of the ocean carriage of grain in full cargo lots from New York, Philadelphia and Baltimore.

With berth rate business this is different, and New York enjoys very important advantages over either Baltimore or Philadelphia. In the first place the lines of steamship from that port reach more grain markets than can be reached from either Baltimore or Philadelphia. Then, the lines to all the principal grain markets are much more numerous and the sailings very much more frequent. All this gives the port of New York, in berth rate business of all kinds, a great advantage over either of her competitors in this proceeding, and we have found that this difference amounts to about 2 cents per hundred pounds as to both Baltimore and Philadelphia. From this alone it would follow—assuming this to be the only question involved in the establishment of the differential—that there ought to be no differential upon full cargo business, and that the present differential is substantially right as to berth rate business. But there is no way in which full cargo grain can be distinguished in the matter of the freight rate from berth rate grain, and it is necessary to find some figure which will properly adjust the two. The articles involved in this proceeding are provisions, grain and flour. Provisions and flour are entirely shipped upon the berth rate. Wheat, except in exceptional cases, is exported by berth rate. Corn more frequently goes by full cargo shipments. An idea of the relative amount of grain shipped by berth rate and full cargo can be obtained from tables 4 and 5.

The berth rate is very much less stable than the full cargo rate and, as a rule, lower than the full cargo rate. As a result, little or no full cargo business can be done until the berth space has been [664] exhausted. As was well said by counsel for one of the interveners, a full cargo business is only possible when the berth business has come to the point of saturation. It follows, therefore, that in years when grain exports are light the full cargo business is small, while in years when exports are heavy that business is larger; and from this it further follows, inasmuch as the full cargo business can be done more advantageously at Baltimore and Philadelphia than at New York, that in years of large grain exports Philadelphia and Baltimore ought to obtain much more of this export traffic than they do in years when the total amount of exports is small. This rule is not an invariable one, however, since other traffic conditions may make the supply of berth space larger in years of large exports than in years of small exports.

It should be observed further that any finding of fact as to the relative berth rates from these three ports for any one year or for any succession of years, especially for a series of years in the past, must be extremely unsatisfactory. The rate which is quoted and the rate paid for actual engagements are not by any means the same, so that it cannot be stated within the limits of perhaps a cent per hundred what the relative berth rates from New York, Philadelphia and Baltimore are.

It will be seen, therefore, that any attempt to determine exactly the relative cost of ocean carriage from New York, Philadelphia and Baltimore of the commodities embraced in this proceeding is, for the reasons above stated impossible. It is possible to give the relative cost in the case of full cargo shipments. It is possible to give, within reasonable limits, the relative berth rates; but to combine the two and to say what will for a series of years be the difference in the cost of carrying flour, grain and provisions, and to make that the basis of a differential which will be strictly fair, is out of the question.

Assuming that the differential is intended solely to equalize the difference in ocean rates, we should be of the impression that there is no ground for a different differential at Baltimore than at Philadelphia, for we do not find that the cost of ocean carriage from those ports differs materially, and we should be of the further impression that the present Philadelphia differential just about equaled the difference in berth rates and would be some[665]what too high as applied to both berth and cargo business. It should be observed, however, that New York enjoys certain advantages in reference to its berth business in addition to the mere difference in rate. Many ports can be reached in

this way from New York which are not accessible at all from the outports. The sailings from New York are much more frequent than from the outports, so that it is possible to deliver small quantities of grain more frequently from that port than from the outports and to sell in many localities which cannot be reached from the outports at all. Just what the measure of advantage to New York in the fraction of a cent per hundred pounds on all the grain exported is, cannot be even intelligently surmised.

Taking this whole situation together, we do not think it could be fairly determined in advance what differential would be required to offset the advantages of New York over its rivals in the matter of ocean facilities. About all that can be done is to determine within probable limits what that differential should be and then decide from an observance of the actual operation of the differential whether its effect is a fair one.

These differentials were established in 1877, and re-established, and approved by the Advisory Commission, in 1882. The complainants insist that assuming them to have been perfectly fair upon either of the above mentioned dates, they have, owing to changed conditions, become grossly unfair at the present time.

Since the differentials are arbitrary, the rates differ by so many cents no matter what the New York rate may be. An examination of table No. 22 shows that in 1878, that being the year after the present differentials were fixed upon, the rate on corn from Chicago to New York was about 30 cents per hundred pounds. This would make the Baltimore rate 27 cents, or 90 per cent. of the New York rate. In 1882 the New York rate had fallen to 23 cents; and the Baltimore rate would be 20 cents, or about 87 per cent. of the New York rate. In 1896 the New York rate was 18.5, and the Baltimore rate 15.5, or 84 per cent. of the New York rate. In other words, the gradual lowering of rates since these differentials were established has operated to make the Baltimore and Philadelphia rates relatively less in comparison with the New York rate than they were in 1878 or 1882. If the purpose be to establish a fixed relation between these rates and that relation was correct then, it is wrong now.

[666] So, too, in the matter of ocean rates. It seems to be pretty well established that the agreement of April 5, 1877, fixed the differentials at the present figure for the purpose of equalizing the difference in the cost of ocean transportation. The Advisory Commission in 1882 found a difference in the cost of such transportation which approximately equaled the amount of the differentials. The testimony before us shows that this difference in the cost of ocean transportation has been

gradually growing less since 1882. While no change has taken place in reference to full cargo shipments, the difference in berth rates in favor of New York is less now than it was then, so that if the differential is to be determined upon that basis it would seem that, if right then, it is wrong now.

Again, a given differential has more effect now than when these were fixed. The price of grain in 1882 was more than in 1896. Corn sold in 1882 upon the Chicago market for about 62 cents as against 25 cents in 1896. It appeared in testimony that at the present time a difference in the total expense of exporting corn of ⅛ cent a bushel was sufficient to divert it from one port to the other, but it was said that in 1882 this would not have been so, since competition in this business had increased and the margin upon which the business was done had grown smaller so that ⅛ cent a bushel had become a more important factor.

We think this contention of the complainant is well taken. The gradual lowering of rates, the shrinking of values, the increase of competition, have all operated to make the differentials in favor of Baltimore and Philadelphia mean more to-day than they did when agreed upon. A difference of 3 cents per hundred pounds was more effective in drawing export grain traffic through Baltimore in 1896 than in 1882. Just how far this makes out that the present differential is unduly preferential against New York will be considered farther on.

The interveners earnestly insist that the preference granted to Baltimore and Philadelphia is justified by the fact that those localities are nearer the point from which this traffic originates, and that the expense of rendering the service covered by the transportation rate to Philadelphia and Baltimore is less than at New York. For the purpose of determining to what benefit, if any, [667] these localities are entitled upon the score of distance, the short line to each port must be considered.

In this case the short line from Chicago to New York, Philadelphia and Baltimore is in all cases by the Pennsylvania Railroad, and is 912 miles to New York, 822 miles to Philadelphia and 802 miles to Baltimore. The distance from Chicago to Baltimore is 88 per cent. of the distance to New York, and that, when these differentials were first adopted in 1877, was almost exactly the percentage which the Baltimore rate was of the New York rate. At the present time the Baltimore rate on corn is about 84 per cent. of the New York rate.

The complainant says that distance should not be considered as a justification for these differentials because it is habitually disregarded by the defendants and it instances the rates which are made by the defendants in this very case. Thus, the distance to Boston is

1,000 miles while the rate for export is the same as that to New York. Newport News is 94 miles farther from Chicago than is Baltimore, but it takes the Baltimore rate. Norfolk, Va., is 72 miles farther from Chicago than is New York, but it takes a rate 3 cents lower than New York. Now, the complainant says, since these defendants have disregarded the element of distance in the making of these very rates complained of they cannot be allowed to set it up as a justification in the case of a particular one of these rates.

Distance is frequently disregarded by carriers in the making of their rates. The Commission has held that it may be under some circumstances properly disregarded to some extent. It has been repeatedly said, however, that distance ought, when possible, to be regarded, and we have never held that a carrier would be compelled to disregard it for the purpose of putting two communities upon a commercial equality.

Commercial Club of Omaha v. *Chicago, R. I. & P. R. Co.*, 6 Inters. Com. Rep. 647; *Freight Bureau of Cincinnati Chamber of Commerce* v. *Cincinnati N. O. & T. P. R. Co.,* 7 Inters. Com. Rep. 180.

It must be remembered that carriers are allowed a certain latitude in this respect. They may within certain limits regard or disregard distance, as their interest demands. If the Pennsylvania Railroad Company, by reason of competitive conditions saw [668] fit to make the same rate to New York and Philadelphia, it is possible that Philadelphia could not insist that such a disregard of distance was unduly preferential, but it is clear to us that if the Pennsylvania Company elects to make a lower rate from Chicago to Philadelphia than to New York, it may show in justification of that rate that traffic for New York must be hauled through and 90 miles beyond Philadelphia. We also think that when New York asserts that the differential in favor of Philadelphia unduly prefers that locality, Philadelphia may reply that its advantage of distance entitles it to a lower rate.

Distance is recognized as an element in determining the amount of a rate upon the assumption that it corresponds in a degree with the cost of service. It does not, however, necessarily follow that the greater cost of service necessarily goes with the greater distance. It is certain that the expense of transporting grain from Chicago to New York by the Pennsylvania lines is more than from Chicago to Philadelphia, for, by those lines, the transportation is through Philadelphia; but it is quite possible that it might cost less to transport grain from Chicago to New York *via* the New York Central than to Philadelphia, even, by the Pennsylvania. Nothing of that has been gone into in this case, and we are left to assume that the cost of transportation is measured by

the distance, for as a general rule, in the absence of exceptional conditions, the greater the distance the greater that cost.

One subject has, however, been considerably discussed both in the testimony and in the argument which bears upon the cost of service, and that is the terminal charges and service at the various ports. It will be seen by referring to the findings of fact that the carrier at Baltimore or Philadelphia ordinarily receives 1¼ cents per bushel in addition to the rate for performing a somewhat less service than is performed at New York for the rate. The carrier to New York for putting the grain upon a barge and towing it to the side of the vessel receives the rate, whatever it may be, while the carrier to Baltimore or Philadelphia for a service equivalent to putting the grain upon the barge, without the added expense of lighterage, receives the rate and in addition 1¼ cents per bushel. This 1¼ cents amounts to more than the differential at Philadelphia, and, if the cost of lighterage be [669] added, to nearly the differential at Baltimore. Apparently this has the same bearing upon the questions involved as has the element of distance.

The defendants do not justify these differentials upon the ground either of distance or cost of service. We do not express an opinion that they could be justified to their full extent upon either of these grounds. They certainly could not in the case of Norfolk and Newport News. But we do think that in this inquiry between the three localities, New York, Philadelphia and Baltimore, in determining whether there is an undue preference, the advantage which Philadelphia and Baltimore possess in the way of distance should be considered, and that the same is true of the additional expense of delivery at New York.

The Advisory Commission of 1882 was apparently of the opinion that the most satisfactory test of these differentials was the result of their operation. Such must be the opinion of anyone who gives the matter careful attention. The problem is so complex, the factors which enter into it are so numerous and so impossible of exact estimation, that it is difficult of solution by any *a priori* process. Actual observation of the effect of these preferences is the best if not the only means of determining their fairness or unfairness. Complainant unhesitatingly accepts this test and asserts that from this phase of the case more plainly than anywhere else does the justice of its contention appear. Indeed it was the very marked falling off in exportations of grain through the port of New York which alarmed the complainant and led to the prosecution of this proceeding. It is to this aspect of the case that the testimony has been largely addressed upon both sides.

In 1882, about 65 per cent. of all the exports from the United States exported through the Atlantic and Gulf ports passed through the port of New York. The same year 80 per cent. of all the imports into the United States by way of these same ports came in at the port of New York. It will be seen, therefore, that during that year, being the year when the Advisory Commission pronounced upon the reasonableness of these differentials, New York practically engrossed the foreign trade of this country. A preliminary question is how far is the port of New York "entitled," or how far can that port expect to continue, to enjoy that commercial supremacy.

[670] Plainly not to the same extent. It would be in accordance neither with the theory of our institutions nor with the history of the development of our nation to permit any one port upon our vast extent of seacoast to monopolize the trade with foreign nations.

Within recent years the United States government has expended in improving navigation to and at the port of Philadelphia about $9,500,000; at Baltimore $3,600,000; at Galveston $8,500,000; and at New Orleans, or upon the Mississippi River, of which New Orleans takes the benefit, about $8,000,000. These vast sums have not been appropriated and expended certainly upon the theory that it was desirable for the foreign trade of this country to flow through the port of New York alone. Rather does this recognize it as the policy of our government that its foreign commerce should be distributed between various ports.

Such is also the inevitable tendency of the development of our country. Hitherto that development has gone on in such a way that New York has been enabled to seize more of our export and import trade than would naturally belong to it. The lines of transportation leading to New York and the pecuniary interests concentrated at that point have been so strong as to divert both export and import traffic to that port which might naturally go to some other port. These same influences will unquestionably continue to have the same effect in the future, but not to the same extent. Other strong influences are beginning to operate in favor of other ports.

The distance from Chicago to New York is about the same as to New Orleans, and the water communication between Chicago and New York will, during certain seasons of the year at least, give New York an advantage as to traffic which fairly originates at Chicago. But a glance at the map of the United States shows that the grain-producing territory, much of it, lies between New Orleans upon the south and Chicago upon the north, and is most of it nearer New Orleans than New York. When this export corn moves to Chicago it moves away

from New Orleans, or at least not towards it; and the same thing is true of much of the export wheat. The distance from Kansas City and St. Louis to New Orleans is less than two-thirds that to New York. The Mississippi River and its tributaries give access to all this region.

[671] A year ago the Commission inspected the terminal and harbor facilities at New Orleans. Its docks are already extensive and are capable of almost unlimited extension. There is no place in the United States, with possibly one exception, where grain can be transferred from the car to the vessel more cheaply than here. The grade from the grain fields to these elevators is an easy one. The corporations which operate the lines of railway leading to them are strong and aggressive. They will undoubtedly demand a larger portion of that traffic which is tributary to them, and will gradually acquire more and more of it, and this in its turn will bring to New Orleans a certain amount of those importations which now reach New York. The same thing is and will be true of Galveston and other ports. New York cannot expect, therefore, to occupy the same relative position of supremacy with reference to our foreign commerce in the future that it has in the past.

This is indicated by actual results up to the present time. In 1882, of all wheat, corn and oats exported through Atlantic or Gulf ports, 51.1 per cent passed through New York and 5.8 per cent through the ports of New Orleans, Norfolk, Newport News and Galveston; while in 1896, 26.9 per cent. passed through New York, and 31.3 per cent. through the four ports above named. From one-half the whole, New York has fallen to one-quarter, and from practically nothing, these four ports have risen to about one-third.

It would, however, be unfair to the position of the complainant to state that it was insisting in this proceeding upon the right of New York, as against the whole country, to retain the proportion of the export grain traffic which that port has formerly done. In 1896 of the grain and flour exported through the six Atlantic ports, Norfolk had 7.5 per cent. and Newport News 10 per cent. Until 1890 practically nothing had gone through these ports. Export business is done through them now because lines of transportation have been opened up and strengthened from the West to these points and extensive terminal facilities provided. Now it does not seem to be the contention of the complainant that a portion of the export grain ought not to pass over these lines and through these ports; nor is there any claim that these two ports should not be allowed the same differential, if any, as Baltimore. The com[672]plainant insists that each port is entitled to what it can fairly obtain, and that these differentials give to the southern ports an unfair advantage. The evidence of that is not that Norfolk

and Newport News, owing to recently provided facilities, have increased their grain exportations, but that Boston, Philadelphia and Baltimore have, under the operation of these differentials and without the assistance of any new advantageous conditions, gained as against New York. In other words, the complainant says that the fair test of these differentials is their actual working as observed at these four ports where the conditions have remained the same, and it is to these ports that they direct attention.

For the purpose of comparison the complainant has selected the years 1882, 1895 and 1896. The alleged reason for this is that 1882 was the year of the Advisory Commission when the present differentials were approved, and 1895 and 1896 the last two years next preceding this investigation.

The last half of Table No. 6 gives the percentages of exports of wheat, corn and flour, from New York, Boston, Philadelphia, Baltimore, Norfolk and Newport News for the years 1873 to 1896, inclusive. Those percentages for the years in question are as follows:

	1882.	1895.	1896.
Baltimore	9.6	13.7	12.7
Philadelphia	61.5	47.6	33.7
New York	7.5	7.	9.5
Boston	20.7	19.8	26.6

The complainant says that a comparison of 1882 with 1896 shows, roughly speaking, that New York has lost one-half its export business, that Boston has gained one-third, Philadelphia one-fourth, and Baltimore one-fourth. While that is the showing which results from a comparison of these two years, it is not a fair deduction from the table itself. In the first place 1882 is, of all the years since 1875, that year in which the percentage of New York was the largest, that year in which the percentage of Philadelphia was smaller than it had been for eight years before, and smaller than it was again for five years to follow; the percentage of Baltimore smaller than it had been for six years preceding, [673] and smaller than it ever has been since. except in the year 1895, when it was a trifle lower.

Excluding from our consideration the year 1896, we observe that the percentage of New York in 1895 was larger than it had been in 1894, 1892 or 1890, and but 12 per cent. below the average from 1873 to 1896; that the percentage of Philadelphia in 1895 was smaller than it had been in any year since 1875, except the years 1888 and 1889, and 36 per cent. below the average; that the percentage of Baltimore

for that year was smaller than it had been since 1875 and about 13 per cent. below the average. The percentage of Boston was more than it had ever been except in the years 1888 and 1884, and about 42 per cent. above the average.

If, therefore, this case had been tried in the spring of 1896 instead of 1897, the tables being brought down to the close of 1895, instead of to the close of 1896, it would hardly be claimed that those tables disclosed any undue diversion of traffic from New York to either Philadelphia or Baltimore. Baltimore could have with truth asserted that its percentage for that year was smaller than it had ever been before and more below the average for the last twenty years than that of New York, while Philadelphia might well have said that its percentage for 1895 was less than one-half what it had been in 1878 and 36 per cent. below the average for the last twenty years. Boston alone would have been the gainer, but Boston has never enjoyed a differential.

But a comparison of the year 1896 with 1895, or indeed with almost any previous year, makes an entirely different showing, and the complainant insists that in this proceeding the results for the year 1896 are entitled to more consequence than those of any one or indeed all the previous years.

Its position apparently is that while these differentials nominally existed from 1877 down to January 1, 1896, they never were actually maintained until the latter date. Of course, the mere existence of these differentials, if they were not in fact collected, could have no effect to divert traffic one way or the other, and if we were satisfied that there had been no differentials in effect down to January 1, 1896, and that these differentials had gone into effect on that date and had since that time been rigorously enforced with the result upon the export traffic of these various **[674]** ports which that year apparently exhibits, it would certainly present a strong case for the complainant.

We are not, however, as indicated by the findings of fact, satisfied that this is true. The testimony of the complainant conclusively shows that rates were not maintained in the year 1896. From that testimony it appears that grain could be purchased at Philadelphia and Baltimore at times for more than 3 cents per bushel below the price at New York, while at other times the price would be practically the same or occasionally in favor of New York. Now, the price of grain is determined by the Chicago market, and the price in these various ports is obtained by adding to that price the freight rate. The Baltimore differential is less than 1½ cents per bushel. It follows, therefore, almost of necessity that these fluctuations indicate manipulations in the rate. When corn is worth the same price in Baltimore and New York

the presumption is that the differential is not maintained, and when corn is worth 3 cents a bushel less in Baltimore than in New York the presumption is that a greater difference than the differential has been made. In support of its proposition the complainant relies mainly upon testimony of Mr. Blanchard, the commissioner of the Joint Traffic Association. Mr. Blanchard testified that he had been familiar with freight rates since before 1878 and that in his opinion those in question were better maintained beginning January 1, 1896, when the Joint Traffic Agreement went into effect, than they had been at any previous period except for the year or year and a half following the enactment of the Act to Regulate Commerce. This Act went into effect April 1, 1887, and if we were to give Mr. Blanchard's testimony its full effect it would still remain that rates were as well maintained in 1887 and the first part of 1888 as they were during the year 1896. This being so, and no reason being suggested to the contrary, it is fair to assume that the maintenance of the differential would have produced the same effect of 1887 and the year following that it did in 1896. We should expect to find, therefore, the same remarkable falling off at New York and the same increase at Baltimore and Philadelphia. But upon turning to complainant's Table No. 6 we find that the percentage of New York in 1887 was 53.9, an actual increase over the preceding year, and just about the average from 1873 to 1896 inclusive; that the percent[675]age of Philadelphia was 10 per cent., an increase over the previous year but below the average; while that of Baltimore was 23.3 per cent., a falling off as to the previous year. During the year 1888, while the salutary effect of the Interstate Commerce Law may be presumed to have still lingered, we find that New York had further increased its percentage to 54.2, while Philadelphia had fallen to 6.2, the lowest in her history, and Baltimore had risen to 24.5. The effect of enforcing the differential in 1887 and 1888 was apparently to raise rather than to lower the percentage of New York. We see no reason for giving the year 1896 any greater prominence than is given to every other year.

For the purpose of comparing the four ports Table No. 14 is perhaps the best. That does not include exportations of flour, but it has been already observed that flour and provisions are exported entirely by berth rate and an examination of the tables covering those articles shows that New York has little if anything to gain by an investigation into the movement of these commodities. From the nature of the case the differential produces the most effect in the movement of grain. This table, therefore, which embraces only wheat, corn and oats, is as favorable to New York as any can be. The years covered are 1878 to

1896, inclusive, so that the movement of these articles is exhibited over substantially the whole period during which the present differentials have been in operation.

An examination of this table shows in the first place that the percentages of these four cities vary from year to year, and that this variation, so far as can be observed, does not obey any rule or law. It might be thought, inasmuch as the differential operates especially in the case of full cargoes, and as full cargo shipments are more numerous when exports are large, that the percentage of New York and Boston would decline and the percentages of Philadelphia and Baltimore would rise in those years when the total exports were the largest, and this may be to some extent the case; but it appears that in 1890 and 1891 the total volume of exports through these four ports was almost identical while the difference in the percentage between New York, Philadelphia and Baltimore was nearly as great as in any other two years down to 1896. A study of these fluctuations emphasizes what has already been said in the findings of fact, namely, that **[676]** the conditions governing the price of ocean freights and the movement of this grain are so complex that it is impossible to predict from the knowledge of any one factor, like the quantity of the exports, what channel they will take.

It is apparent in the second place that it is altogether unsatisfactory to compare any single year with any other year and that any deduction from such a comparison is almost certain to be misleading.

Suppose the port of Philadelphia in 1888 had complained that the differentials in its favor were not sufficient and had cited in illustration the fact that its exports had fallen from 12.04 the previous year to 4.42 per cent. that year, and that the exports from New York had risen from 60.59 to 65.58 per cent. its case would have been almost as strong as that made by the complainant, and yet in the year 1890 the percentage of New York had fallen to 49.31, while that of Philadelphia had risen to 18.42, and that of Baltimore to 26.38. In 1891 New York had again risen to 63.75 while Philadelphia had fallen to 9.82 and Baltimore to 19.65; and in 1892 New York had once more fallen to 48.79, while Philadelphia had risen to 19.95 and Baltimore to 24.24.

A comparison of averages is somewhat more satisfactory. Table No. 13 embraces the ports of Portland, Norfolk and Newport News in addition to the four under consideration, and states the percentage of each to the group for the period of 1878 to 1881 inclusive, and from 1882 to 1896 inclusive. By reference to this it will be seen that the percentage of New York for the first period was 51.76 and for the

last period 51.16; of Philadelphia for the first period 15.13 and for the last period 10.76; of Baltimore for the first period 25.05 and for the last period 23.20. These averages do not indicate any falling off in the case of New York and do indicate a very large falling off in the case of Philadelphia and a slight decrease in the case of Baltimore.

None of these tables are absolutely correct, nor are they in all cases quite consistent with one another. It is also possible to marshal these figures in such a way as to point to radically different conclusions. Generally speaking, however, the tables do agree in their main features, and the trend of all these statistics is to the same conclusion. Taking the whole period together from 1878 down to the end of the year 1896, it is pretty apparent that [677] of these four ports as compared with one another Boston has been a decided gainer, Baltimore has made a small gain, while New York and Philadelphia have both lost, and as between these two, Philadelphia has been the greater loser. Compared with the entire group New York has lost.

If, instead of considering the entire period, we were to take the year 1896 alone, the result would be entirely different, but it has been already said that no special prominence can be given to that year over any other year, certainly not over the years 1887 and 1888. One very great embarrassment in disposing of this case arises from the feeling that these rates have not been maintained, and that there is no reliable indication in actual practice of what the effect of the differentials would be if strictly enforced. This is no reason why we should not alter the differential if it was found to be wrong, for we must assume that the published rate is collected, but when the effect of the differential is relied upon to show the wrong, and it is claimed that the differential has been enforced in a particular year and has not been enforced in other years, that fact must be clearly established.

The results of the year 1896 show a very unusual percentage in favor of Baltimore and a large increase in favor of Philadelphia, and it is our impression that these two ports will perhaps obtain in the future rather more than their average for the last twenty years. But this impression is based not upon any deduction from these tables but upon the further impression that the lines leading to Baltimore are in a position to demand more of this traffic than they have obtained at least in recent years, and that the port of Philadelphia will not, when the improvements in the Delaware River give it deep water to the ocean, and perhaps ought not to rest content with the small amount of foreign trade which it has enjoyed in the past. If these ports gain, it must be largely at the expense of New York.

Now, upon the whole situation, does the complainant make out a

ease? Can it be said that these differentials unduly discriminate against the locality of New York? We have stated it as our impression that the difference in ocean freight rates at the present time was something less than the amount of these differentials, and that the gradual change of conditions since 1877 makes the differentials of more effect to-day than when they were instituted. [678] These two circumstances would point strongly to the conclusion that they ought to be modified. There is, however, one other circumstance that should be noticed in this connection.

These differentials apply upon all classes of freight and accordingly upon all commodities. In the very nature of the case they cannot be abstractly just, but only fair in the aggregate result. Their purpose is to give to each line its fair share of export business. Many other commodities are exported besides those embraced in this proceeding. In case of grain the freight rate is a very large factor in its value, while in case of other exports it may be insignificant. A differential which determines the route by which grain shall be exported would have no effect whatever upon some other article. These higher grade exports go almost entirely to the port of New York, from which they find quicker service to all parts of the world, and from which they can only find communication with many parts of the world. Now, if the quantity of these exports, which the differential does not divert to Baltimore or Philadelphia, has been increased in late years, it is manifest that this offsets to that extent any increased diversion of grain to the outports. The freight rate which these other exports pay is higher, and it is therefore more for the interest of the carrier to transport them. The ocean rate is also higher, and the advantages to the port of New York in the way of attracting shipping are probably greater than arise from the exportation of grain. So it is by no means certain that more grain ought not to go through the outports to offset the increased exports of other kinds from New York.

That this may be so is indicated by Table No. 9, which gives the total quantity of traffic forwarded by all lines to these four localities for the years 1888 to 1896 inclusive. From this it appears that during these eight years the total number of tons had increased 42 per cent. in the case of Baltimore, 97 per cent. in the case of Boston, 63 per cent. in the case of New York, and but 2 per cent. in the case of Philadelphia. These figures include both domestic and foreign traffic and are not therefore of great significance as bearing upon this question, but they show that traffic over the lines leading to New York has, during the last eight years, increased more in proportion than that over those leading to Baltimore and Philadelphia.

[679] Table No. 15 perhaps bears more directly upon this suggestion. This table gives the percentages of the value of all exports from Boston, New York, Philadelphia, Baltimore, Norfolk and Newport News from 1878 to 1896 inclusive. From this it appears that New York exported in 1878, 69.26 per cent. as against 60.34 in 1896; Philadelphia 9.42 as against 7.68; and Baltimore 9.63 as against 11.63; it further appears that the percentage of New York in 1892 was but 59.97 while in 1896 it was 60.34. From this it seems that New York exported in 1896 almost the same proportion in value that it did in 1878, and that its percentage that year notwithstanding the very great falling off in grain exportations, was more than it had been in at least one previous year and substantially the same as it had been since 1890.

It seems to be true that New York is in a measure losing its export grain business. But does it follow upon the testimony in this case that this is due to the operation of these differentials?

It must be borne in mind that the grain of New York does not reach that port from the interior exclusively by rail. The canal has brought in the past a very considerable portion of that traffic, and it is to this water communication between the West and the East that New York has largely owed its predominance in the foreign trade. Now, these differentials have nothing to do with grain moving by canal. Their purpose is merely to divide fairly between the different competing lines the export business which moves by rail. If for any reason the canal were to be entirely shut up so that no grain could be transported by it, it would by no means follow that all the grain which had formerly come to New York by canal ought now to come there by rail. Quite the contrary. This canal traffic ought now to be distributed in the same proportions over the various lines leading to the different ports. New York has no vested right in the having of so much grain shipped to that port. The canal has been a most important element in her commercial supremacy. If that element drops out, she must expect to lose that portion of her supremacy which was due to it.

The first half of complainant's table No. 6 shows the percentage of all wheat, corn and flour in bushels transported to the six ports in question, from the year 1873 to the year 1896, inclusive; and with reference to New York these percentages are stated [680] both by rail and by canal. Thus, in 1877, when these differentials were agreed upon, the rail carriers transported to New York 25 per cent. and the canal 26.5 per cent. of the entire amount going to all the ports, and for the whole series of years the rail lines have averaged 32.4 per cent. and the canal 19.6 per cent. In the year 1896 the rail lines carried 30.3

15

per cent. and the canal 6.3 per cent., that is, of the great falling off at New York, the bulk of it was in canal carriage. If the canal had transported in 1896 the same percentage that it did in 1877 the grain exports through New York would have been relatively larger that year than the average, and if it had transported even the average quantity, they would have shown no remarkable falling off.

As already suggested, these differentials are intended to secure to the rail lines a proper distribution of this traffic, and we find that under their operation in 1895 those lines carried to New York a larger per cent. of all the traffic to these six ports than they had ever carried save in the year 1891, which was substantially the same. Can it be said, therefore, that their operation as applied to the traffic which they properly affect, has been unfair in the result? The great supremacy of New York in the past has been measurably due to its canal. If it would hold that supremacy in the future, it must give attention to that same waterway. The testimony of Captain Depuy as to excessive elevator charges upon canal grain is not material to this investigation, but it is extremely suggestive in connection with the facts above referred to. If the canal were to be restored to-day to the same position in this carrying trade that it has occupied in the twenty years past, the commerce of the port of New York could not suffer.

The Baltimore differential presents the most difficult question. To every practical intent the cost of ocean freights from Baltimore is no greater than from Philadelphia; nor did it appear that Philadelphia afforded other advantages over Baltimore in the transaction of this export business. What ground is there then for a distinction between those two ports?

The representatives of Baltimore strenuously insisted that the proximity of that port to the corn area was such that, by reason of the greater advantage in the way of distance, it was entitled to more of this business. An examination of Table No. 14 shows that in recent years at least the percentage of corn exports through [681] Baltimore has been larger than of wheat. The great advantage of Baltimore in 1896 rested in the very great increase of corn shipments. It is a significant fact that the distance differentials which were in force for a short time in 1877 seem to have been unsatisfactory to the New York lines, not because the difference in the percentage of the distances from Chicago gave to Baltimore too great an advantage, but because the distances from other points were in favor of that city. The differential which Baltimore obtained upon the Chicago rate by the distance differential was almost exactly what was obtained under the arbitrary differential, but when the distance differential was applied to all points from which

traffic originated, Baltimore seems to have profited to such an extent thereby that this system only remained in force for a very few months. This would indicate that possibly the traffic does originate at points relatively nearer Baltimore than is Chicago. How far this fact may be recognized in the present system by which rates from western points are based upon a percentage of the New York-Chicago rate, does not appear.

The testimony tended to show that the corn exported at Baltimore did not come from Chicago, but was intercepted before it reached that market. If, in point of fact, Baltimore is in closer proximity to the corn fields from which these exports come, and if the lines leading to that port have secured recognition of that fact in these differentials, we certainly should not disturb them, for they are a recognition of an advantage in location to which Baltimore is fairly entitled.

No claim is made as between Baltimore and Philadelphia, that the present relation should be disturbed. As between those two cities and New York, it might not be altogether easy to say whether, on the case presented, the Philadelphia differential should be raised or the Baltimore differential lowered. It might be that in justice to the city of Philadelphia we ought to make that differential more rather than the Baltimore less.

It must be remembered, moreover, that to the solution of this question no absolute standard can be applied. In recognizing competitive conditions of this kind the carrier has a certain latitude within which this Commission cannot interfere. It is only when that limit is exceeded and when the action of the carrier becomes undue that we can act. In the last utterance of [682] the United States Supreme Court on this subject, *Interstate Commerce Commission* v. *Alabama Midland R. Co.*, 168 U. S. 144, 42 L. ed. 414, it was held that the Alabama Midland Railway might charge a higher rate to Montgomery, the more distant point, than it charged to Troy, the nearer point. This was upon the ground that Montgomery was a railway center and that the competitive forces at that point might be recognized in the making of rates. Suppose now that the Alabama Midland Railway Company had elected to charge the same to Montgomery and to Troy, could the locality of Montgomery have insisted, in a proceeding before this Commission, that Montgomery was entitled to a better rate than Troy? Clearly not. Whether the carrier will or will not meet those competitive conditions and to what extent rests primarily with it, and its action in that respect is not subject to review by this tribunal so long as it is due and reasonable. Whether it is due or reasonable is, however, a matter of judicial investigation and determination by the Commission and the courts.

While there is much in the case to induce a different conclusion, and while we have arrived at this conclusion with a good deal of hesitation, we do not think that, upon the present record, the carriers have exceeded the limit within which they are free to determine for themselves. The principle upon which these differentials have been established is legitimate. Looking to the basis of the differentials themselves, while there is much to indicate that they should, perhaps, be somewhat modified, it cannot be affirmed with certainty that they are wrong. Considering their effect as exhibited through a long series of years, it is impossible to say that they had exercised any untoward or unnatural influence upon traffic. We do not think, therefore, that they should be disturbed by us.

The Act to Regulate Commerce does not aim to fetter competition, nor interfere with the natural flow of trade and commerce. One cardinal object of that act was to secure perfect freedom of competition among the carriers themselves. It is only when that competition becomes tyrannical, so to speak, when in the competitive struggle localities, commodities, indviduals are in danger of being crushed that the law steps in. In the very nature of things it can seldom happen that the powerful commercial center [683] has occasion to invoke the law for protection against its weaker rivals. The lines which extend to the port of New York are numerous, powerful, and aggressive. It is difficult to believe that those lines will ever suffer any great or permanent injury to the commerce of that port, when in permitting that they must submit to a depletion of their own revenues. It might happen that some combination of these lines, for the purpose of promoting their interests at some other point, would sacrifice the port of New York, or that for the purpose of promoting their interests as to some other kind of traffic they would sacrifice this particular traffic. If anything of that sort were apparent, if there seemed to be anything arbitrary, anything unreasonable, any undue preference against this locality or this species of traffic, it would be our duty to correct it. But there is nothing of that kind and we can do no better than to leave this matter where competition has left it.

In coming to this conclusion we have perhaps been somewhat influenced by the fact that the consequence of an error in this direction is not as serious as one in the other direction might be. The pecuniary importance of these differentials to the carriers interested has already been suggested. Their importance in the distribution of traffic may be even greater. If it were possible to abolish them altogether and absolutely enforce the same rate to all these ports, it might so deplete the revenues of lines to southerly ports as to render practically valueless

the outlay of enormous sums spent in their development. Upon the other hand, if we wrongfully refuse to interfere, it simply follows that foreign trade which ought to pass through New York is diverted to some rival port. This, considering the manner in which this export grain business is conducted, does not mean the breaking down or the building up of any industry. It destroys no capital invested, it renders no dock and no ship useless. At the most, it simply determines where some new dock shall be built. If this were a question of an unreasonable rate, where the thing complained of was the exaction of more than a just compensation by the carrier, where whatever the carrier gained unjustly was necessarily paid by the public, the consequences of an error would be more evenly balanced.

Again, if we have made an error, it is in favor of the weak and [684] against the strong. New York may have lost somewhat in the matter of its foreign commerce, but it is still immeasurably in advance of all rivals. As appears from Table No. 19, which is brought down to January 1, 1898, in the year 1897 New York had 47.43 per cent of all the exports moving out through the Atlantic and Gulf ports of the United States and 74.06 per cent. of the total imports moving in through those same ports. It is almost impossible for us to feel that a locality which engrosses one-half of all the exports and three-fourths of all the imports upon the Atlantic seaboard can justly complain of any undue diversion of its commerce. The population of Greater New York is said to be about 3,000,000; the population of Philadelphia, distant less than 100 miles, is 1,200,000. In 1897 the imports of Philadelphia were about one-tenth and the exports about one-eighth of those at New York. Can it be said that Philadelphia is unduly preferred to New York in respect to this foreign trade ?

Nothing has been said in the disposition of this case touching the ex-lake differentials as such. These apply, it will be remembered, to traffic originating in the West, brought by water to various points upon the southern shore of Lake Erie or corresponding points and from thence transported by rail to the ports in question. The complainant insists that whatever may be said of the all-rail differentials these are absolutely indefensible since the distances to Baltimore, Philadelphia and New York are practically the same.

If the justification for the all-rail differentials were found in differences of distance, that would be true. It appears, however, that while distance is an element which may be taken into account in inquiring whether those differentials are undue and unreasonable, it is not the ground upon which they are made. This ex-lake traffic originates at the same points with the all-rail traffic and is, therefore, properly re-

garded as competitive. Looking to the differential itself, we find that no distinction is made between Baltimore and Philadelphia, thus removing what seemed to be the most serious objection to the all-rail differentials. We also find that the amount in one hundred pounds is but 1 cent against New York. There are in force commodity rates on grain by the bushel which, when translated into rates by the hundred [685] pounds, amount to about 1½ cents per hundred pounds against New York, upon wheat, corn and oats. This probably does not exceed the difference in cost of ocean carriage. If, therefore, our decision in reference to the all-rail differentials is correct, it seems to follow all the more that the ex-lake differentials should not be disturbed by us.

Neither have we considered the legality or propriety of the Joint Traffic Association, for the reason that those questions are not involved in this proceeding. If that association is in violation of some other statute of the United States, we have nothing to do with it. If it is in violation of the fifth section of the Act to Regulate Commerce, as a pooling arrangement, then we might upon proper proceedings order the carriers to cease and desist from further maintaining it. Such is not directly nor indirectly the scope of this proceeding. The existence and methods of that association could only become relevant in this case with a view to finding and enforcing a remedy if one was called for. Since we have found no infraction of law, no remedy need be sought, and all questions in regard to that association become immaterial.

In arriving at these conclusions the year 1896 has been treated the same as previous years covered by the investigation. If the diversion of export grain from the port of New York, which is shown to have taken place in that year, should continue in subsequent years, and it should appear with reasonable certainty that the published rates had been maintained to all the ports, the actual effect of these differentials upon the movement of grain could be determined with confidence and a different question would be presented, which might merit further consideration, and of which the disposition of the present case would not be controlling.

The complaint is dismissed without prejudice.

EDWARD KEMBLE

v.

BOSTON & ALBANY RAILROAD COMPANY, ET AL.

8 I. C. C. 110.

EDWARD KEMBLE

v.

BOSTON & ALBANY RAILROAD COMPANY, ET AL.

Decided March 7, 1889.

(8 I. C. C. 110.)

1. It is not, as matter of law, a violation of the Act to Regulate Commerce to make a lower rate to the port of export upon traffic which is exported than upon that which is locally consumed, for the export rate is in essence the division of a through rate.
2. The decision of the Commission in *New York Board of Trade & Transportation* v. *Pennsylvania R. Co., et al.*, having been overruled by the United States Supreme Court in *Texas & Pacific Railway Co.* v. *Interstate Commerce Commission*, 162 U. S. 197, 40 L. ed. 940, 5 Inters. Com. Rep. 405, it follows that carriers are not, as a matter of law, prohibited from making rates from points in the United States to points in foreign countries, or from points in foreign countries to points in the United States, of which the inland division or share accruing to carriers within the United States is less than the tariff rate of such carriers on domestic shipments of similar commodities.
3. Through tariffs showing total charges on export traffic from interior points in the United States to destinations in foreign countries cannot, owing to the fluctuation in ocean rates, usually be determined and published in accordance with section six of the Act to Regulate Commerce; and if the inland carrier publishes and maintains its division of the through export rate it apparently does all that it can do, and all that it is required to do under that section; but if the inland carrier, instead of receiving a fixed inland division, makes through rates in fact of which its division fluctuates, a question arises as to the publication of such rates, which is not passed upon in this proceeding. *New York, New Haven & Hartford R. Co.* v. *Platt*, 7 Inters. Com. Rep. 323, cited and distinguished.
4. Import and export traffic is not removed from the jurisdiction of the Commission by the decision of the United States Supreme Court in *Texas & Pacific Railway Co.* v. *Interstate Commerce Commission*, 162 U. S. 197, 40 L. ed. 940, 5 Inters. Com. Rep. 405, but, on the contrary, the effect of that decision is to extend such jurisdiction; and the Commission has full authority to pass upon the grievance of any individual or locality which is alleged to arise from rates upon export or import goods as compared with rates on domestic merchandise.
5. Defendants make two rates on grain and sixth class merchandise from Chicago to Boston. If the commodity is for local consumption the rate is 2 cents above the rate to New York; but if the commodity is to be exported the Boston rate is the same as the New York rate. The export traffic is delivered to the ocean carrier at East Boston, which is a few miles more distant than Boston from Chicago, and the export rate, which is essentially the inland carrier's division of a through export rate, applies in fact only to East Boston. The domestic rate to Boston is substantially as fixed by the Commission in *Kemble* v. *Lake Shore & Michigan Southern R. Co.*, 3 Inters. Com. Rep. 830, 5 I. C. C. Rep. 166. Whether, as matter of fact, the domestic rate to Boston is unreasonably high, or whether the export rate through Boston unduly discriminates against Boston, are questions which were involved in cases heretofore decided by the Commission; and their reconsideration in this case is not warranted by any facts developed at the hearing. *Held,* That the fourth section is not violated by the lower export rate to East Boston than the domestic rate for the shorter distance to Boston, and that the petition should be dismissed.

Edward Kemble for complainant in person.
George C. Greene for L. S. & M. S. Ry. Co.
Frank Loomis for N. Y. C. & H. R. R. R. Co.
Samuel Hoar for B. & A. R. R. Co.

REPORT OF THE COMMISSION.

PROUTY, *Commissioner:*

The defendants in this proceeding, the Lake Shore & Michigan Southern Railway Company, the New York Central & Hudson River Railroad Company, and the Boston & Albany Railroad Company, constitute a through line for the transportation of merchandise from Chicago to Boston. The two first-named defendants constitute another through line from Chicago to New York. The lines are identical from Chicago to Albany, N. Y., where they diverge, the route from there to New York being by the New York Central & Hudson River Railroad, and to Boston by the Boston & Albany Railroad.

The Lake Shore & Michigan Southern Railway Company and the New York Central & Hudson River Railroad Company are parties to joint tariffs from Chicago to New York, and the three defendants publish joint tariffs from Chicago to Boston. By these tariffs the rate on grain and sixth-class merchandise is 2 cents per hundred pounds higher from Chicago to Boston than from Chicago to New York when such merchandise is for domestic consumption; but if intended "for export" the rate to Boston and New York is the same; that is, the defendants make two rates to Boston, one if the commodity is for local consumption, which is 2 cents above the New York rate, and another if the commodity is for export, which is the same as the New York rate. The lawfulness of this practice is attacked by the complaint.

[112] The defendants insisted in their answers and upon the hearing that the question thus presented had already been considered and decided by the Commission, and that this decision, if not a technical estoppel, ought to be controlling of the present controversy.

This claim of the defendants is hardly warranted by the facts. The question of relative rates from Chicago, which may be taken in this discussion as representative of western points generally, to New York and Boston, has been, first and last, the subject of much contention. Previous to 1870 all merchandise transported to Boston, whether for export or domestic consumption, took a higher rate than the corresponding New York rate. The ocean rate from Boston and New York to foreign ports was substantially the same. If, therefore, the inland rate to Boston was higher than to New York it resulted that the through rate to the foreign port was correspondingly greater, with the further

result that export merchandise would move by the cheaper route through New York, rather than by the more expensive one through Boston. For the purpose of placing these two ports upon an equality in the matter of the export rate, an agreement was made between the carriers serving them, in 1870, by which merchandise for export was given the same rate to Boston as to New York, although domestic merchandise still paid the higher rate to Boston.

It would appear that under this arrangement all traffic was billed to Boston at the higher rate, but that the carrier refunded to the shipper the difference between the New York and Boston rate upon whatever was subsequently exported. When the Interstate Commerce Act took effect in 1887, certain of the carriers who had become parties to and were then participating in this arrangement conceived that it was forbidden by that Act, and declined to further continue it. Thereupon, the Fitchburg Railroad Company, the Boston & Albany Railroad Company, and some other railroads which were interested in the export trade at Boston, applied to the Commission by petition for leave to continue the payment of this rebate. This proceeding is entitled *In the Matter of the Export Trade of Boston*, 1 I. C. C. Rep. 24, 1 Inters. Com. Rep. 25 (*ante*, p. 105). Upon final hearing the petitioners themselves concluded that the Commission had no power to grant the relief prayed for, and leave was given to withdraw their several petitions. In disposing of the matter, Cooley, [113] Chairman, intimated that the practice referred to was not in violation of the Interstate Commerce Act, but from the very nature of the case no decision could be made.

In 1887 the Boston domestic rate upon sixth-class merchandise and grain was 5 cents per hundred pounds higher than the New York rate; and one of the first proceedings instituted before the Interstate Commerce Commission had for its purpose the abolishing of this differential. In this case, *Boston Chamber of Commerce* v. *Lake Shore & Michigan Southern Railway Company and Others*, 1 I. C. C. Rep. 436, 1 Inters. Com. Rep. 754 (*ante*, p. 111), the entire subject of these differentials was gone into, much testimony was taken, exhaustive arguments were made, and the case carefully considered. A decision was promulgated in February, 1888, which was to the effect that conditions justified a higher rate to Boston than to New York, and that the existing differential should not be disturbed.

In January, 1890, another complaint was filed which attacked this same differential. In this case, *Edward Kemble* v. *Lake Shore & Michigan Southern Railway Company and Others*, 5 I. C. C. Rep. 166, 3 Inters. Com. Rep. 830 (*ante*, p. 137), the whole subject was again fully considered, and a decision promulgated in April, 1892. By this deci-

sion the Commission in a measure reconsidered its earlier conclusion, holding that the differential against Boston should not be an arbitrary one, but that the Boston rate should not exceed 110 per cent. of the New York rate. This conclusion was substantially accepted by the carriers, and had the effect to reduce the differential against Boston upon grain and sixth-class merchandise from 5 cents per hundred pounds to 2 cents per hundred pounds, as it has ever since been and now is.

At the time both these cases were heard and decided the Boston export rate was the same as the New York rate, and differed, as it now does, from the domestic rate. This fact was fully developed upon both hearings, and was earnestly pressed upon the attention of the Commission as a reason why the carriers ought not to charge a higher local rate to Boston than to New York; but in each case the complainant expressly stated that it did not desire to disturb or question the export rate, its complaint being directed solely to the unreasonableness of the local rate; and the Commission in delivering its opinion in both cases, while refer- **[114]** ring to the fact that these two rates existed, expressly stated that it did not consider either the propriety or legality of that practice.

It can hardly be said, therefore, that this question is *res judicata*. It was in terms excepted from consideration in the last two cases, and could not have been decided in the first case above referred to. While, however, the question itself has never been passed upon, the principle which must control its disposition is no longer matter for discussion. The subject of export and import rates, and the relation which should exist between the inland division of such rates, and rates upon corresponding traffic when intended for domestic consumption, is an important one, and early received the attention of the Commission.

On March 8, 1888, the Commission, having under consideration the subject of tariffs on export freight, promulgated a general order, directing, among other things, that carriers engaged in the transportation of merchandise for export should, in case such merchandise was taken upon a through rate to the foreign port, indicate, not only the entire rate, but the inland division which the carrier received, and that where the through rate, by reason of fluctuation of the ocean rate, could not be known, the carrier should specify by its tariff the inland rate which it received.

Subsequently this matter of export rates was brought to the attention of the Commission in the case of *New York Produce Exchange* v. *New York Central & H. R. Railroad Company and Others*, 3 I. C. C. Rep. 138, 2 Inters. Com. Rep. 553. In that case it was alleged and ap-

peared in proof that the defendant carriers made rates from interior points in the United States to various foreign ports through the port of New York, under which their division was less than the rate charged for the transportation of similar merchandise from the inland points to New York. This was alleged to be in violation of the Act to Regulate Commerce, as an unjust discrimination against the port of New York. The facts involved in this proceeding were fully developed, and the questions raised elaborately discussed and carefully considered. The decision of the Commission, promulgated June 19, 1889, was that the practical way of making export rates was by adding the fluctuating ocean rate to a fixed inland rate; that the inland rate when applied to export traffic should not discriminate against traffic for domestic consumption, "unless justifiable conditions existed for a difference;" that no such conditions were [115] shown to exist at New York; and therefore that the inland rate for export and for domestic consumption must be the same at that port. While this case holds that ordinarily the inland rate should be the same upon domestic and export traffic, it intimates that conditions might justify a difference.

March 23, 1889, the Commission, having under consideration the subject of import traffic, made a general order that all imported traffic should be transported from the port of entry to the interior point of destination upon the same tariff applied to domestic freight.

In the case, *New York Board of Trade & Transportation* v. *Pennsylvania Railroad Company and Others,* 4 I. C. C. Rep. 447, 3 Inters. Com. Rep. 417, the question of import rates as affected by this order came under consideration. It appeared in that case that various railway carriers in the United States were accustomed to make joint through rates from foreign ports to different points in the interior of the United States, under which the division received by the railway for its portion of the service was much, and often very much, less than the charge made for a corresponding service from the port of entry to the interior point. Thus, the Pennsylvania Railroad Company, in connection with some steamship line, would transport tin plate from Liverpool to Chicago through Philadelphia upon a through rate of 24 cents per hundred pounds, of which it received for its service from Philadelphia to Chicago 16 cents per hundred pounds, when its regular tariff for the transportation of tin plate originating at Philadelphia from Philadelphia to Chicago was 26 cents. This case, like the export case previously referred to, was fully considered both upon the facts and upon the law. A decision was announced January 29, 1891, by which the practice complained of was declared to be illegal. The defendant carriers had sought to justify the making of such through rates upon

the ground that competitive conditions demanded it, and that they must take the traffic at such rates or abandon it altogether. It was said by the Commission that these competitive conditions, so far as they existed abroad, could not be considered by it; that the Interstate Commerce Act applied to the regulation of commerce only within the territorial limits of the United States, and that the conditions existing beyond those limits could not be taken into account; that when merchandise arrived at a port of entry it thereupon **[116]** became, for the first time, subject to the operation of the Act, and must be treated as though it had originated at that point. It followed that the rate applied to such merchandise must be the same as the rate applied to similar merchandise originating at the port of entry; or, otherwise stated, that the division received by the carrier for the inland transportation of imported merchandise must be in all cases the same that was charged for the transportation of a like kind of merchandise originating at the port of entry.

It will be noticed that, while the export case was considered and decided as a question of fact, the later import case was decided as a matter of law. In the export case it was intimated that conditions abroad might justify one inland rate for export and another for domestic traffic; but in the import case it was finally held that these conditions, if they existed, could not be considered. There is probably no sound distinction between import and export traffic, and the later case must be taken as expressing the final opinion of the Commission as applied to both kinds of traffic. If the carrier must in all cases, as a matter of law, charge the same inland rate upon imports as is charged upon domestic traffic, then it would follow that in all cases, as matter of law, the same rate must be charged upon export traffic to the port of export as is charged upon similar domestic traffic to that point. If this view of the Commission had finally prevailed, the contention of the complainant in the present case would be well taken, for the defendant carriers could not then maintain one rate when merchandise was intended for domestic consumption, and another rate when it was intended for export.

That view has not, however, finally prevailed, but a different interpretation has been put upon the Act to Regulate Commerce, in that respect, by the Supreme Court of the United States in *Texas & Pacific Railway Co.* v. *Interstate Commerce Commission*, 162 U. S. 197, 40 L. ed. 940, 5 Inters. Com. Rep. 405.

The Texas & Pacific Railway Company made in 1892 through rates from Liverpool and other foreign ports to San Francisco, Cal., the carriage being by steamship from Liverpool to New Orleans, and by rail-

way over the lines of the Texas & Pacific Company, in connection with those of the Southern Pacific Company, to San Francisco. The amount of these through rates was less, sometimes not more than one-third of the rates charged by [117] the Texas & Pacific Company for transporting similar traffic from New Orleans to San Francisco. It might happen that for carrying the same merchandise in the same car from New Orleans to San Francisco the rail carrier would not receive more than one-sixth as much when the merchandise was imported through the port of New Orleans as if it had originated or been manufactured at that point. The reason for this was alleged to be that the through rate from Liverpool to San Francisco was determined by the price of transportation either by sailing vessel around Cape Horn, in the case of certain kinds of commodities, or by steamship and rail across the Isthmus of Panama, in the case of other commodities. The Texas & Pacific insisted that these through rates were absolutely fixed, and that it must either take the traffic at that figure or abandon it altogether.

This condition of things had been developed in the case of *New York Board of Trade & Transportation* v. *Pennsylvania Railroad Company* above referred to, and the Commission had ordered the Texas & Pacific Company not to transport imported merchandise at any other or different rate than it charged for transporting the same kind of domestic merchandise from New Orleans to San Francisco. This order the Texas & Pacific had declined to obey, and thereupon the proceedings were begun to compel a compliance with such order, which finally resulted in the case coming before the Supreme Court of the United States.

It will be remembered that the Commission had based its decision and order upon the assumption that under the Act to Regulate Commerce conditions at the foreign port could not be considered, and that, as matter of law, the inland rate on imported and domestic traffic must be the same.

The Supreme Court held that conditions abroad as well as conditions existing in the United States should be considered; that the interest of the carrier and the consuming community as well as the producing community must be taken into account; and that there was no hard and fast rule which prohibited the carrier, in furtherance of its own interests and the interests of its patrons, from accepting a less sum for the transportation of imported merchandise from the port of entry to an interior point than it charged for the transportation of domestic merchandise between the same points. To apply the decision to the exact case before the court, there was nothing in the Act to Regulate Commerce [118] which, as matter of law, prohibited the Texas & Pa-

cific Railway Company from participating in a through rate from Liverpool to San Francisco *via* New Orleans, which was one-third the rail rate from New Orleans to San Francisco, and of which its division must be materially less than the whole rate. From this decision it must follow that carriers are not prohibited from making rates from points in the United States to points in foreign countries, or from points in foreign countries to points in the United States, of which the inland division is less than the tariff rate for the transportation of similar commodities when intended for local domestic consumption.

This being the law, what are the practical conditions that give rise to the two rates in question? They can be stated in a word. Taking Chicago as the point of origin, Liverpool as the point of destination, and grain, which is the most important item of export, as the subject of traffic, it is evident that grain can pass from Chicago to Liverpool, either through the port of New York or through the port of Boston, and that in so doing it is transported to such port by rail and from such port by ship. It is also evident that it will choose the route by which it can go the most cheaply. Investigations in other cases before the Commission show that a difference in the freight rate of between one-fourth and one-eighth of a cent per bushel determines the route by which grain shall be exported. Now, the ocean freights from Boston and New York are substantially the same. It follows, therefore, that the inland rate must also be the same. It has been decided that a differential of substantially 2 cents per hundred pounds may be properly made on domestic grain against Boston, but if the export rate were 2 cents higher to Boston than to New York, no traffic would move through the port of Boston. The object of these two rates, therefore, is to equalize the export rate between the ports of Boston and New York. The export rate to Boston is not in reality a Boston rate at all, but is in essence the inland division of a through rate through that port to foreign ports. That the inland carrier may receive in such case for its division a sum less than the domestic rate has been, as we have just seen, determined by the Supreme Court of the United States; hence the thing accomplished by the making of these two rates is not, as a matter of law, illegal.

But if the thing itself is not prohibited, is not this manner of **[119]** effecting that thing forbidden? Here is not a through rate of which the inland division is less than the corresponding domestic rate, but here are two different rates published and maintained to the same point, by which a greater sum is charged for the same service in one case than in the other. Is not this an unjust discrimination or an undue preference which is forbidden by the Act? We think that

under the circumstances of this case it is not. It is true that the rate in both cases terminates at the port of Boston, but the movement under the export rate is part of a through movement. Traffic to which that rate is applied is not and cannot be Boston traffic; it merely passes through Boston on its way abroad. When the traffic starts it may not be certain by what agency it will be carried from the port of Boston to its foreign destination, but it is certain that it will go there by some agency. That carrier is not subject to the Act to Regulate Commerce, nor can the through rate usually be determined and published agreeably to the sixth section, owing to the fluctuation in ocean rates. Under these circumstances, if the inland carrier publishes and maintains its division of the through rate, apparently it does all it can do, and all it is required to do under the Act which we are administering.

If the inland rail carriers, instead of receiving a fixed inland division, make through rates in fact of which their division fluctuates, another question arises as to the publication of such rates, which is not here passed upon.

This case is not at all that decided in *New York, New Haven & Hartford R. R. Co.* v. *Thomas C. Platt and Another, Receivers*, 7 Inters. Com. Rep. 323, where both carriers were under the jurisdiction of the Act to Regulate Commerce, and where the petitioner had expressly refused to join in the through rate which the defendants were publishing and under which they were operating.

The decision of the United States Supreme Court in *Texas & Pacific Railway Company* v. *Interstate Commerce Commission, supra,* has been understood in some quarters as virtually removing import and export traffic from the jurisdiction of the Commission. Such is not by any means its scope or effect. That decision simply broadened the power of the Commission in reference to such traffic. If any individual or locality feels itself aggrieved by the rates made upon export or import business as compared with domestic business, the Commission has full authority to consider and pass upon that grievance. The propriety, as [120] a matter of fact, of the rates maintained by the Texas & Pacific Railway Company has never been upheld by the decision of any tribunal. It has never been decided that that company may transport boots and shoes for the English manufacturer from New Orleans to San Francisco for one-sixth the amount charged the American manufacturer for the same service, but merely that, in determining whether such rate constitutes an unjust discrimination or an undue preference, the interest of the carrier and the consumer should be taken into account as well as that of the producer.

In the present case, merely the legality of these two rates as matter

of law is passed upon. Whether as matter of fact the domestic rate is unreasonably high either of itself or in comparison with the New York rate, or whether the export rate unduly discriminates against Boston, has not been considered. These questions of fact are virtually involved in the cases referred to in the early part of this opinion. The Boston export rate must be the same as the New York export rate, and the present domestic differential against Boston is substantially that fixed by the Commission. This would not probably prevent a review of these matters at any time, but no facts were developed upon the hearing of this case which would warrant such reconsideration here. The petitioner did insist, as a matter of law, that to charge two rates for the same service was in contravention of the first, second and third sections of the Act to Regulate Commerce, and did thereby present a new question which had not been decided.

The petitioner also insisted that the rates in question were in violation of the fourth section. The docks at which this merchandise is delivered by the rail to the ocean carriers are at East Boston, and the export rate applies in fact to East Boston alone. East Boston is a few miles farther from Chicago than Boston, and the complainant insisted that by charging the higher domestic rate to Boston and the lower export rate to East Boston the defendant violated the fourth section.

The rate to East Boston for domestic consumption is the same as the rate to Boston. The export rate, as we have already seen, is essentially the division of a through export rate. It is not made under the same circumstances and conditions with the domestic rate to Boston, and is not, therefore, within the prohibition of the fourth section.

For the reasons above indicated the petition will be dismissed.

DIFFERENTIAL FREIGHT RATES TO AND FROM NORTH ATLANTIC PORTS.

MEMORANDUM OF AUDITOR, INTERSTATE COMMERCE COMMISSION.

DIFFERENTIAL FREIGHT RATES TO AND FROM NORTH ATLANTIC PORTS.

INTERSTATE COMMERCE COMMISSION,
AUDITOR'S OFFICE,
Washington, D. C., May 12, 1904.

EAST-BOUND, ALL-RAIL—DOMESTIC TRAFFIC.

The differentials between North Atlantic ports on traffic originating in the territory known as Central Freight Association territory, which may be described briefly as the territory lying north of the Ohio and east of the Mississippi Rivers, east of Lake Michigan, and west of a line drawn from Buffalo, N. Y., to Pittsburgh, Pa., are as follows:

The rates to New York being the basis, the rates to Philadelphia are 2 cents per hundred pounds and to Baltimore, Newport News, and Norfolk 3 cents per hundred pounds less than the rates to New York. These differentials apply in connection with all class and commodity rates.

The rates on domestic traffic to Boston, Mass., and Portland, Me., are higher than New York (except on live stock and dressed meats), as follows:

[In cents per 100 pounds.]

Classes.	Differentials.	Classes.	Differentials.
1	7	4	4
2	6	5	3
3	5	6	2

These differentials have been in force since August 15, 1892. Prior to that date they were as follows:

[In cents per 100 pounds.]

Classes.	Differentials.	Classes.	Differentials.
1	10	4	5
2	6	5	5
3	5	6	5

With the exception indicated in the case of Boston and Portland the class differentials as above stated have been in force since the pas-

sage of the Act to Regulate Commerce, and also appear to have been in force for about ten years prior thereto.

On live stock and dressed meats the domestic rates to Boston and Portland are the same as to New York. With respect to live stock this basis has been in use since April, 1887, and possibly prior to that date. On dressed meats this appears to have been adopted as a permanent basis January 9, 1890. Prior to that date the rates were at times the same, and at other times the differential higher than New York.

Rates to Montreal, Province of Quebec, and Halifax, Nova Scotia, do not appear to be published from all points in the territory described, and even where published are not in all cases on the same differential basis. It is thought, therefore, to be sufficient at this time to state the manner in which the rates from Chicago to these points have been made.

From April 5, 1887, to the present time the class rates on domestic traffic from Chicago to Montreal have been the same as from Chicago to New York. There is no information at hand as to the basis for these rates prior to the date named. To Halifax the rates do not appear at any time to have been made on any regularly established differential basis. From April 5, 1887, to the present time the rates from Chicago to this point have been higher than from Chicago to New York, as follows:

[In cents per 100 pounds.]

	Classes.					
	1.	2.	3.	4.	5.	6.
Apr. 5, 1887, to and including Jan. 15, 1888 ..	65	45	40	45	10	10
Jan. 16, 1888, to and including Mar. 4, 1888 ..	55	45	35	30	13	12
Mar. 5, 1888, to and including Oct. 21, 1888 ..	55	45	35	26½	10	10
Oct. 22, 1888, to and including Dec. 31, 1899 ..	40	30	24	19	13	10
Jan. 1, 1900, to and including present date ..	20	18	16	14	12	10

EAST-BOUND, ALL-RAIL—EXPORT TRAFFIC.

The differentials as between North Atlantic ports on east-bound, all-rail traffic for export are the same as on domestic traffic, with the following exceptions:

On export traffic Boston and Portland take the same rates as New York. Where there are no special export rates to New York the points named take the New York domestic rates on traffic exported through those ports; but where there is a special export rate in force to New York, Boston and Portland take the same rate on export traffic. This basis has been in force since April 5, 1887, and was probably also in

force for some time prior to that date, though upon this point there is no definite information available. On export traffic to Montreal the rates have been the same as to Philadelphia (except as indicated below) since December 17, 1888. Prior to that date there appears to have been no provision for special export rates to Montreal on regular classified traffic. On grain and grain products the bases for export rates to this point have been as follows:

From April 1887, to June 1, 1901, same as Philadelphia; from last-named date to October 21, 1901, same as New York, and from October 21, 1901, to present date same as Philadelphia.

As will be seen, with the exception of a few months in the year 1901, the basis for export rates to this point has been the same as to Philadelphia.

Prior to May 11, 1903, there appear to have been no special export rates on traffic of any description to Halifax. On the date mentioned the rate on grain and grain products from Chicago and Chicago junction points to Halifax for export was made 1 cent per hundred pounds higher than New York, which is the present basis.

On or about February 1, 1899, special differentials were adopted to apply on export grain (only) to Philadelphia, Baltimore, Newport News, and Norfolk. These differentials were just one-half the regular differentials, being as follows:

To Philadelphia 1 cent, and to Baltimore, Newport News, and Norfolk 1½ cents less than New York; Boston and Portland taking the New York export rate. These special differentials are still applied on grain exported through the ports named. It should be stated that since May 2, 1902, there have been two export rates on grain from the territory above described to the North Atlantic ports. The first or higher rate applies when the grain is billed to the port for export. The second or lower rate applies only when the grain is consigned to a foreign port, or to the care of a foreign freight agent at the port of export, or so consigned as to secure delivery at shipside, or to elevators or warehouses at tide water having facilities for export. It is only in connection with this lower export rate that the special differentials apply.

WEST-BOUND, ALL-RAIL—DOMESTIC TRAFFIC.

On west-bound, all-rail, domestic traffic from North Atlantic ports to the territory before described Boston and Portland take the same rates as New York, while from Philadelphia the rates are the following differentials less than New York:

[In cents per 100 pounds.]

Classes.	Differentials.	Classes.	Differentials.
1	6	4	2
2	6	5	2
3	2	6	2

The rates from Baltimore, Newport News, and Norfolk to the same territory are lower than New York, as follows:

[In cents per 100 pounds.]

Classes.	Differentials.	Classes.	Differentials.
1	8	4	3
2	8	5	3
3	3	6	3

These differentials have been in force since the passage of the Act to Regulate Commerce, and probably for a number of years prior thereto, though upon this point there is no definite information in the possession of the Commission.

From Montreal the rates appear to have been for many years the following differentials below New York:

[In cents per 100 pounds.]

Classes.	Differentials.	Classes.	Differentials.
1	10	4	4
2	8	5	4
3	6	6	3

From Halifax there appear to have been no established differentials above the New York or Boston rates. On April 5, 1887, the rates from Halifax to Chicago were the following figures higher than the rates from New York and Boston:

[In cents per 100 pounds.]

Classes.	Differentials.	Classes.	Differentials.
1	45	4	25
2	35	5	10
3	30	6	10

Since December 11, 1899, the rates from this point to Chicago have been: On classes 1, 2, and 3 respectively 11, 9, and 3½ cents less than

New York, while on classes 4 and 5 they have been one-half cent per hundred pounds higher, and on class 6 the same as New York.

WEST-BOUND, ALL-RAIL—IMPORT TRAFFIC.

At the present time the lines operating from North Atlantic ports publish and file rates applying on import traffic. These rates are, in nearly all cases, commodity rates, and so far as it has been practicable to make comparison of these rates with the domestic class rates, the differentials as between the ports are the same as on domestic traffic.

RAIL-AND-LAKE—EAST AND WEST BOUND.

Where through rates are published applying via rail-and-lake, either east or west bound, they are made certain agreed differentials below the all-rail rates, and the differentials between the ports are, therefore, the same as on all-rail traffic.

EX-LAKE RATES ON GRAIN FROM LAKE ERIE PORTS TO BOSTON, NEW YORK, PHILADELPHIA, AND BALTIMORE.

It has been the custom for a number of years past, of the lines operating from Lake Erie ports—Buffalo, N. Y., Erie, Pa., and Fairport, Ohio—to make what are termed "ex-Lake" rates from these ports to Boston, New York, Philadelphia, and Baltimore, on grain reaching such lake ports by water from Chicago and other western points. The grain is carried in bulk, and the ex-Lake rates made to apply thereon are in cents per bushel, and where the grain is for export usually apply on cargo lots of 10,000 bushels of oats, and 8,000 bushels of other grain.

From a comparison of these rates to the several Atlantic ports named, on file with the Commission, it appears that there have been no regularly established differentials as between the Atlantic ports on this traffic, at least no uniform differentials have been maintained. At times the rates were the same to all of the ports.

The accompanying tables, numbered 1 to 7, inclusive, show the rates on this traffic as published and filed with the Commission by the several carriers operating from the Lake ports named, from the earliest date such tariffs have been filed to the present time. In this connection it should be stated that from an examination of the tariffs applying on this traffic it seems evident that all of these ex-Lake rates have not been filed with the Commission. This appears to be especially true of the rates to New York for export. Tables numbered 8 to 13, inclu-

sive, show the differences between the rates to the Atlantic ports named on stated dates.

Respectfully submitted.

J. M. SMITH, *Auditor.*

TABLE No. 1.

Statement showing changes in rates on grain, ex-Lake, domestic, from Buffalo, N. Y., to Boston, Mass., from 1896, to date, via New York Central and Hudson River Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO BOSTON, MASS.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C.
1896—Apr. 27	*8	....	....	*7¾	*7¾	*4½	97	97
May 23	....	*9	....	....	....	....	S. 1-97	S. 1-97
Aug. 3	....	....	....	*7⅛	....	....	S. 2-97	S. 2-97
Oct. 9	....	....	*7¼	....	....	....	S. 3-97	S. 3-97
1897—Apr. 13	†8	....	†7¼	†7¾	†7¾	†4½	339	339
July 12	....	....	....	7⅛	7⅛	....	S. 1-339	S. 1-339
Aug. 27	....	....	....	7½	....	....	S. 2-339	S. 2-339
Sept. 15	....	....	....	7¾	....	....	S. 3-339	S. 3-339
1898—Apr. 11	8	....	6¾	7½	7½	4½	732	732
1899—Apr. 29	6½	6½	5¼	5¾	6	3½	1100	1100
Nov. 1	8½	8½	7	8¼	8¼	4½	1425	1425
1900—Mar. 5	6½	6½	5¼	5¾	6	3½	1727	1727
Nov. 29	6½	6½	5¼	5¾	6	3¾	2201	2201
1901—Apr. 1	6½	6½	5½	6	6	4	2451	2451
June 1	6	6	5	5½	5½	3¾	2606	2606
Oct. 7	6	6	5	5½	5½	4	B. 80	B. 80
1902—Apr. 14	6½	6½	5½	6	6	4	B. 384	B. 384
Nov. 15	7	7	6	6½	6½	4¼	B. 948	B. 948
1903—Apr. 1 to date.	7	7½	6	6½	6½	4¼	B. 1402	B. 1402

*Expired December 31, 1896. †Expired January 20, 1898.

Statement showing changes in rates on grain, ex-Lake, for export, from Buffalo, N. Y., to Boston, Mass., from 1897 to date, via New York Central and Hudson River Railroad.

FOR EXPORT.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO BOSTON, MASS.						TARIFFS.	
	In cargo lots of 8,000 bushels.					Cargo lots, 10,000 bushels.		
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1897—Mar. 20	*5	*5	*4¼	*4¾	*4¾	*3½	300	300
Oct. 20	*†5¾	*†5¾	*†5	*†5½	*†5½	*†4	526	526
1898—Mar. 15	*‡5	*‡5	*‡4¼	*‡4¾	*‡4¾	*‡3½	697	697
1899—Apr. 29	*4	....	....	*3¾	....	*3¼	1104	1104
May 12	....	....	....	*3½	....	....	S. 1-1104	S. 1-1104
June 16	....	....	....	....	....	*3	S. 3-1104	S. 3-1104
Aug. 18	*4	....	....	*4	*3¾	*3¼	1297	1297
Aug. 26	*3¾	....	....	*3¾	*3¾	*3	1331	1331
Oct. 9	*4	*4	*3¾	*3¾	*3¾	*3¼	1384	1384
Oct. 26	*4¼	*4¼	*4	*4	*4	*3¼	1413	1413
Nov. 1	*5	*5	*4¼	*4½	*4½	*3	1420	1420
1900—Mar. 5	*4	*4	*3½	*3¾	*3¾	*3	1726	1726
May 10	*3½	*4	*3¼	*3¼	*3¼	*2½	1881	1881
Nov. 16	*4	*4	*3½	*3¾	*3¾	*3	2180	2180
Dec. 6	*4½	*4½	*4	*4¼	*4¼	*3½	2225	2225
1901—Mar. 30	*4	*4	*3½	*3¾	*3¾	*3	2497	2497
June 1	*3½	*3½	*3	*3¼	*3¼	*2½	2585	2585
July 16	*3½	*3½	*3	*3¼	*3¼	*2½	2693	2693
Aug. 1	*3¾	*3¾	*3¼	*3½	*3½	*2¾	2703	2703
Oct. 1	*4¼	*4¼	*3¾	*4	*4	*3¼	B. 70	B. 70
Nov. 18	*4½	*4½	*4	*4¼	*4¼	*3½	B. 157	B. 157
1902—June 24	*3.9	*3.9	*3.5	*3.7	*3.7	*3.2	B. 591	B. 591
Sept. 1	*4.5	*4.5	*4	*4.25	*4.25	*3.5	B. 754	B. 754
1903—Jan. 1	*5	*5	*4½	*4¾	*4¾	*4	B. 1076	B. 1076
Apr. 9	*5	*5½	*4½	*4¾	*4¾	*4	B. 1446	B. 1446
Sept. 15	*4	*4	*3½	*3¾	*3¾	*3	B. 1946	B. 1946
Nov. 16	*4½	*4½	*4	*4¼	*4¼	*3½	B. 2120	B. 2120
1904—Jan. 1	*5	*5	*4½	*4¾	*4¾	*4	B. 2220	B. 2220
Feb. 8	*4.6	*4.6	*4.1	*4.35	*4.35	*3.6	B. 2331	B. 2331
Feb. 9	*4.2	*4.2	*3.7	*3.95	*3.95	*3.2	S. 1-B. 2331	S. 1-B. 2331
Feb. 13	*3.8	*3.8	*3.3	*3.55	*3.55	*2.8	2-B. 2331	2-B. 2331
Feb. 13	*3.4	*3.4	*2.9	*3.15	*3.15	*2.4	3-B. 2331	3-B. 2331
Feb. 18	*3	*3	*2.5	*2.75	*2.75	*2	4-B. 2331	4-B. 2331
Feb. 22	*2.6	*2.6	*2.1	*2.35	*2.35	*1.6	5-B. 2331	5-B. 2331
Feb. 27	*2.2	*2.2	*1.7	*1.95	*1.95	*1.2	6-B. 2331	6-B. 2331
Mar. 2	*1.8	*1.8	*1.3	*1.55	*1.55	*0.8	7-B. 2331	7-B. 2331
Mar. 10	*1.4	*1.4	*0.9	*1.15	*1.15	*0.4	8-B. 2331	8-B. 2331
Mar. 17	*1	*1	*0.5	*0.75	*0.75	*0.4	9-B. 2331	9-B. 2331
Mar. 21	*0.6	*0.6	*0.5	*0.35	*0.35	*0.4	10-B. 2331	10-B. 2331
Mar. 28	*0.2	*0.2	*0.1	*0.35	*0.35	*0.4	11-B. 2331	11-B. 2331
Apr. 30 to date	*4	*4	*3½	*3¾	*3¾	*3	12-B. 2331	12-B. 2331

*In cargo lots 8,000 bushels, oats 10.000 bushels.
†Expired January 15, 1898.
‡Expired January 15, 1899.

Statement showing changes in rates on grain, ex-Lake, domestic, from Buffalo, N. Y., to New York, N. Y., from 1894 to November 29, 1900, via New York Central and Hudson River Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO NEW YORK, N. Y.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							File No.	
1894—Apr. 21	7	....	6¾	6¾	6¾	4½	2892	1528
May 15	6¼	....	6	6	6	4½	2912	1534
May 15	*5	....	*4¾	*4¾	*4¾	*4	2912	1534
1895—May 18	6¼	....	5½	6	6	4½	3272	1774
May 18	*5	....	*4¼	*4¾	*4¾	*4	3272	1774
†Nov. 11	6¼	....	5½	6	6	4¼	3386	1870
†Nov. 11	*5	....	*4¼	*4¾	*4¾	*4	3386	1870
							I. C. C.	I. C. C.
1896—‡Mar. 9	6¼	....	5½	6	6	4½	23	23
1896—‡Mar. 9	*5	....	*4¼	*4¾	*4¾	*4	23	23
‡June 1	....	....	....	....	....	3½	S. 4-23	S. 4 to 23
1899—Apr. 20	5	5	4¼	4½	4½	3	1105	1105
Nov. 1	6½	6½	5¾	6	6	3½	1426	1426
1900—Mar. 5	5	5	4¼	4½	4½	3	1728	1728

*In cargo lots—10,000 bushels oats, 8,000 bushels other grain.
†Expired January 10, 1896.
‡Expired December 31, 1896.
Rates withdrawn November 29, 1900 (as per I. C. C. 2,200); no rates published since that date.

Statement showing changes in rates on grain, ex-Lake, domestic, from Buffalo, N. Y., to Philadelphia, Pa., from 1894 to date, via New York Central and Hudson River Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO PHILADELPHIA, PA.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
1894—Apr. 21	6½	....	6¼	6¼	6¼	4¼	2892	1528
May 15	*4½	....	*4¼	*4¼	*4¼	*3¾	2912	1534
May 15	5¾	....	5½	5½	5½	4¼	2912	1534
Oct. 1	....	....	3¾	....	....	....	S. 2-2975	1575
Oct. 1	....	....	5	....	....	....	S. 3-2975	1575
1895—Mar. 18	*4½	....	*3¾	*4¼	*4¼	*3¾	3191	1722
Mar. 18	5¾	....	5	5½	5½	4¼	3191	1722
Oct. 28	4	....	3½	3¾	3¾	3¼	3379	1866
Oct. 28	*4	....	*3½	*3¾	*3¾	*3¼	3379	1866
Nov. 11	†5¾	....	†5	†5½	†5½	†4¼	3386	1870
Nov. 11	*†4½	....	*†3¾	*†4¼	*†4¼	*†3¾	3386	1870
							I. C. C. No.	I. C. C. No.
1896—Mar. 9	‡5¼	....	‡5	‡5	‡5	‡4	23	23
Mar. 9	*‡4	....	*‡3¾	*‡3¾	*‡3¾	*‡3½	23	23
May 15	....	‡5	....	....	....	....	S. 2-23	S. 2-23
June 3	....	*‡5	....	....	....	....	S. 3-23	S. 3-23
June 3	....	‡6¼	....	....	....	....	S. 3-23	S. 3-23
June 1	....	....	....	....	....	*‡3	S. 4-23	4-23
1899—Apr. 30	4½	4½	4	4	4	2½	1105	1105
Nov. 1	6	6	5¼	5½	5½	3	1426	1426
1900—Mar. 5	4½	4½	4	4	4	2½	1728	1728
Nov. 29	4½	4½	4	4	4	3	2200	2200
Dec. 24	....	....	....	....	....	3¼	S. 1-2200	S. 1-2200
1901—Jan. 23	....	....	....	4¼	4¼	3½	S. 2-2200	S. 2-2200
June 1	4½	4½	4	4¼	4¼	3	2605	2605
Oct. 7	4½	4½	4	4¼	4¼	3¼	B. 79	B. 79
Dec. 7	....	....	....	....	....	3½	S. 1-B. 79	S. 1-B. 79
1902—Apr. 21	4½	4½	4	4¼	4¼	3½	B. 395	B. 395
Nov. 15	5	5	4½	4¾	4¾	3½	B. 946	B. 946
1903—Jan. 1	5½	5½	5	5¼	5¼	4	B. 1048	B. 1048
Apr. 1	5½	6	5	5¼	5¼		B. 1403	B. 1403
Apr. 9	5½	6	5	5¼	5¼	4	B. 1453	B. 1453
May 1	....	*5	....	....	....	....	B. 1582	B. 1582
Sept. 21	....	*6	....	....	....	....	S. 1-B. 1582	S. 1-B. 1582
Sept. 28	....	*4	....	....	....	....	B. 1979	B. 1979
Nov. 16	....	*4½	....	....	....	....	B. 2122	B. 2122
1904—Jan. 1	....	*5	....	....	....	....	B. 2222	B. 2222
Feb. 12	....	*4.6	....	....	....	....	1-B. 2222	1-B. 2222
Feb. 15	....	*4.2	....	....	....	....	2-B. 2222	2-B. 2222
Feb. 15	....	*3.8	....	....	....	....	3-B. 2222	3-B. 2222
Feb. 19	....	*3.4	....	....	....	....	4-B. 2222	4-B. 2222
Feb. 22	....	*3	....	....	....	....	5-B. 2222	5-B. 2222
Feb. 29	....	*2.6	....	....	....	....	6-B. 2222	6-B. 2222
Mar. 4	....	*2.2	....	....	....	....	7-B. 2222	7-B. 2222
Apr. 30 to date	....	*4	....	....	....	....	8-B. 2222	8-B. 2222

*In cargo lots—oats 10,000, and other grain, 8,000 bushels.
†Expired January 10, 1896.
‡Expired December 31, 1896.

Statement showing changes in rates on grain, ex-Lake, for export, from Buffalo, N. Y., to Philadelphia, Pa., via New York Central and Hudson River Railroad.

FOR EXPORT.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO PHILADELPHIA, PA.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Corn (56 lbs.)	Barley (48 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C.	I. C. C.
1899—May 8	*3½	*3½	*2¾	*2¾	*3¼	*2½	1108	1108
Nov. 1	*†5	*†5	*†4¼	*†4½	*†4½	*†3	1419	1419
1900—Mar. 13	4½	4½	4	4	4	2½	1739	1739
Aug. 18	*3	*3	*2½	*2¾	*2¾	*2	2029	2029
Nov. 13	*4	*4	*3½	*3¾	*3¾	*3	2178	2178
Dec. 6	*4½	*4½	*4	*4¼	*4¼	*3½	2224	2224
1901—Mar. 30	*4	*4	*3½	*3¾	*3¾	*3	2496	2496
Oct. 11	*4¼	*4¼	*3¾	*4	*4	*3¼	B. 83	B. 83
Nov. 18	*4½	*4½	*4	*4¼	*4¼	*3½	B. 158	B. 158
1902—June 24	*3.9	*3.9	*3.5	*3.7	*3.7	*3.2	B. 592	B. 592
Sept. 1	*4.5	*4.5	*4	*4.25	*4.25	*3.5	B. 755	B. 755
1903—Jan. 1	*5	*5	*4.5	*4.75	*4.75	*4	B. 1077	B. 1077
Apr. 9	*5	*5½	*4½	*4¾	*4¾	*4	B. 1447	B. 1447
May 4	*5	*5	*4½	*4¾	*4¾	*4	B. 1584	B. 1584
Sept. 15	*4	*4	*3½	*3¾	*3¾	*3	B. 1947	B. 1947
Nov. 16	*4½	*4½	*4	*4¼	*4¼	*3½	B. 2121	B. 2121
1904—Jan. 1	*5	*5	*4½	*4¾	*4¾	*4	B. 2221	B. 2221
Feb. 8	*4.6	*4.6	*4.1	*4.35	*4.35	*3.6	B. 2332	B. 2332
Feb. 9	*4.2	*4.2	*3.7	*3.95	*3.95	*3.2	S. 1-B. 2332	1-B. 2332
Feb. 13	*3.8	*3.8	*3.3	*3.55	*3.55	*2.8	2-B. 2332	2-B. 2332
Feb. 13	*3.4	*3.4	*2.9	*3.15	*3.15	*2.4	3-B. 2332	3-B. 2332
Feb. 18	*3	*3	*2.5	*2.75	*2.75	*2	4-B. 2332	4-B. 8998
Feb. 22	*2.6	*2.6	*2.1	*2.35	*2.35	*1.6	5-B. 2332	5-B. 2332
Feb. 27	*2.2	*2.2	*1.7	*1.95	*1.95	*1.2	6-B. 2332	6-B. 2332
Mar. 2	*1.8	*1.8	*1.3	*1.55	*1.55	*0.8	7-B. 2332	7-B. 2332
Mar. 10	*1.4	*1.4	*0.9	*1.15	*1.15	*0.4	8-B. 2332	8-B. 2332
Mar. 17	*1	*1	*0.5	*0.75	*0.75	*0.4	9-B. 2332	9-B. 2332
Mar. 21	*0.6	*0.6	*0.5	*0.35	*0.35	*0.4	10-B. 2332	10-B. 2332
Mar. 28	*0.2	*0.2	*0.1	*0.35	*0.35	*0.4	11-B. 2332	11-B. 2332
Apr. 30 to date	*4	4	3½	3¾	3¾	3	12-B. 2332	12-B. 2332

*In cargo lots—oats 10,000, other grain 8,000 bushels.
†Expires March 13, 1900.

Statement showing changes in rates on grain, ex-Lake, domestic, from Buffalo, N. Y., to Baltimore, Md., from 1894 to November 11, 1895, via New York Central and Hudson River Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO BALTIMORE, MD.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							File No.	
1894—May 15	5½	....	5¼	5¼	5¼	5⅛	2912	1534
May 15	*4¼	....	*4	*4	*4	*3⅝	2912	1534
May 24	6¼	....	6	6	6	4½	2929	1543
May 24	*5	....	*4¾	*4¾	*4¾	*4	2929	1543
June 12	5¾	....	5½	5½	5½	4¼	2975	1575
June 12	*4½	....	*4¼	*4¼	*4¼	3¾	2975	1575
1895—Oct. 28	4	....	3½	3¾	3¾	3¼	3379	1866
Oct. 28	*4	....	*3½	*4¾	*3¾	*3¼	3379	1866

*In cargo lots, 10,000 oats, other grain 8,000 bushels.
No rates in effect since November 11, 1895. See File No. 3386.

TABLE NO. 2.

Statement showing changes in rate on grain, ex-Lake, domestic, from Buffalo, N. Y., to Boston, Mass., from 1896 to date, via Delaware, Lackawanna and Western Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO BOSTON, MASS.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1896—Apr. 29	8	....	....	7¾	7¾	4½	1-36	S. 1-36
May 14	....	*9	....	....	....	....	S. 2-36	S. 2-36
May 14	....	9	....	....	....	....	S. 2-36	S. 2-36
Aug. 4	....	....	....	†7⅛	....	....	S. 2-150	S. 2-150
Oct. 12	....	....	7¼	....	....	....	S. 3-150	S. 3-150
1897—Apr. 20	8	....	7¼	7¾	7¾	4½	568	568
July 12	....	....	....	7⅛	7⅛	....	S. 1-620	S. 1-620
Aug. 28	....	....	....	7½	7⅛	....	S. 2-620	S. 2-620
Sept. 15	....	....	....	7¾	7⅛	....	S. 3-620	S. 3-620
Oct. 30	‡8	....	‡7¼	‡7¾	‡7⅛	‡4½	S. 1-766	S. 1-766
1898—Apr. 11	‖8	....	‖6¾	‖7½	‖7½	‖4½	S. 1-902	S. 1-902
1899—Jan. 26	§8	....	§6¾	§7½	§7½	§4½	1179	1179
Apr. 29	6½	....	5½	5¾	6½	3½	1227	1227
May 8	6½	....	5¼	5¾	6	3½	S. 1-1227	S. 1-1227
Nov. 1	8½	....	7	8¼	8¼	4½	1364	1364
1900—Mar. 8	6½	....	5¼	5¾	6	3½	1555	1555
Nov. 27	....	....	....	....	....	3¾	S. 2-1555	S. 2-1555
1901—Apr. 1	6½	....	5½	6	6	4	1891	1891
June 1	6	....	5	5½	5½	3¾	1933	1933
Oct. 7	6	....	5	5½	5½	4	2028	2028
1902—Apr. 25	6	....	5	5½	5½	4	2163	2163
May 14	6½	....	5½	6	6	4	S. 1-2163	S. 1-2163
Nov. 15	7	....	6	6½	6½	4¼	2416	2416
1903—Jan. 1	7	....	6	6½	6½	4¼	2490	2490
Apr. 1 to date	7	7½	6	6½	6½	4¼	2594	2594

*In cargo lots, oats 10,000, other grain 8,000 bushels.
†Rate expires September 15, 1896.
‡Rates expired January 15, 1898.
§Rates expire January 15, 1899.
‖Rates expire April 15, 1899.

Statement showing changes in rates on grain, ex-Lake, for export, from Buffalo to Boston, Mass., from 1896 to date, via Delaware, Lackawanna and Western Railroad.

FOR EXPORT.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO BOSTON, MASS.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1897—Mar. 18	5	....	4½	4¾	4¾	3½	435	435
Apr. 20	5	....	4¼	4¾	4¾	3½	568	568
Oct. 20	*5¾	....	*5	*5½	*5½	*4	766	766
1898—Mar. 15	†5	....	†4¼	†4¾	†4¾	†3½	902	902
1899—Jan. 26	‡5	....	‡4¼	‡4¾	‡4¾	‡3½	1179	1179

*Expires Jan. 15, 1898. †Expires Jan. 15, 1899. ‡Expires Apr. 15, 1899.

Statement showing changes in rates on grain, ex-Lake, domestic, from Buffalo, N. Y., to New York, N. Y., from 1896 to date, via Delaware, Lackawanna and Western Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO NEW YORK, N. Y.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1896—Mar. 9	*5	....	*4¼	*4¾	*4¾	*4	30	30
Mar. 9	6¼	....	5½	6	6	4½	30	30
May 14	....	*6	....	....	....	....	S. 2-36	S. 2-36
May 14	....	7¼	....	....	....	....	S. 2-36	S. 2-36
June 1	*5	....	*4¼	*4¾	*4¾	*3½	150	150
June 1	6¼	....	5½	6	6	4½	150	150
1897—Apr. 20	5	....	4¼	4¾	4¾	3½	568	568
Oct. 20	5¾	....	5	5½	5½	4	766	766
1898—Mar. 15	5	....	4¼	4¾	4¾	3½	902	902
1899—Jan. 26	5	....	4¼	4¾	4¾	3½	1179	1179
Apr. 29	†5	....	†4¼	†4½	†4½	†3	1227	1227
Nov. 1	6½	....	5¾	6	6	3½	*1364	1364
1900—Mar. 8	5	....	4¼	4½	4½	3	*1555	1555
Nov. 27	....	....	....	....	....	3¼	S. 2-1555	S. 2-1555
1901—Apr. 1	5	....	4¼	4½	4½	3½	*1891	1891
June 18	5	....	4¼	4½	4½	3¼	*1948	1948
Oct. 7	5	....	4¼	4½	4½	3½	*2028	2028
1902—Apr. 22	....	....	....	....	....	3⅝	S. 5-2028	S. 5-2028
Apr. 25	5	....	4¼	4½	4½	3⅝	*2163	2163
Nov. 15	5½	....	4¾	5	5	3¾	2416	2416
1903—Jan. 1	6	....	5¼	5½	5½	4	*2490	2490
Apr. 1 to date	6	6½	5¼	5½	5½	4	*2594	2594

†Rates expire April 15, 1899.
*In cargo lots: oats, 10.000 other grain, 8,000 bushels.

Statement showing changes in rates on grain, ex-Lake, for export, from Buffalo, N. Y., to New York, N. Y., from 1896 to date, via Delaware, Lackawanna and Western Railroad.

FOR EXPORT.

[Rates in cents per bushel.]

DATE.	From Buffalo, N. Y., to New York, N. Y.						Tariffs.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1897—Mar. 18	5	....	4¼	4¾	4¾	3½	435	435
Oct. 20	5¾	....	5	5½	5½	4	766	766
1898—Mar. 15	5	....	4¼	4¾	4¾	3½	902	902
1899—Jan. 26	5	....	4¼	4¾	4¾	3½	1179	1179
Nov. 1	6½	....	5¾	6	6	3½	1364	1364
1903—Apr. 1	5	5½	4½	4¾	4¾	4	S. A-S. 1-2594	S. A-S. 1-2594
May 4	....	5	....	....	....	....	S. B-S. 2-2594	S. B-S. 2-2594
Sept. 16	4	4	3½	3¾	3¾	3	S. C-S. 4-2594	S. C-S. 4-2594
Nov. 16	4½	4½	4	4¼	4¼	3½	S. D-S. 5-2594	S. D-S. 5-2594
1904—Jan. 1	5	5	4½	4¾	4¾	4	S. E-6-2594	....
Feb. 16	3.4	3.4	2.9	3.15	3.15	2.4	S. H-8-2594	....
Feb. 24	3	3	2½	2¾	2¾	2	S. I-9-2594	....
Mar. 3	2.2	2.2	1.7	1.95	1.95	1.2	S. J-10-2594	....
Mar. 9	1.8	1.8	1.3	1.55	1.55	0.8	S. K-11-2594	....
Mar. 14	1.4	1.4	0.9	1.15	1.15	0.4	S. L-S. 12-2594	....
Mar. 21	1	1	0.5	0.75	0.75	0.4	S. M-S. 13-2594	....
Mar. 28	0.6	0.6	0.5	0.35	0.35	0.4	S. N-14-2594	....
Apr. 30	0.2	0.2	0.1	0.35	0.35	0.4	S. O-15-2594	....
Apr. 30 to date	4	4	3.5	3.75	3.75	3	S. P-16-2594	....

Statement showing changes in rates on grain, ex-Lake, domestic, from Buffalo, N. Y., to Philadelphia, Pa., from March 9, 1896, to date, via Delaware, Lackawanna and Western Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO PHILADELPHIA, PA.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1896—Mar. 9	*4	....	*3¾	*3¾	*3¾	*3½	30	30
Mar. 9	5¼	....	5	5	5	4	30	30
May 14	....	....	....	....	....	....	....	....
May 14	....	....	....	....	....	....	....	....
June 1	*4	....	*3¾	*3¾	*3¾	*3	150	150
June 1	5¼	....	5	5	5	4	150	150
1897—Mar. 18	....	....	....	....	....	....	....	....
Apr. 20	5	....	4¼	4¾	4¾	3½	568	568
Oct. 20	5¾	....	5	5½	5½	4	766	766
1898—Mar. 15	5	....	4¼	4¾	4¾	3½	902	902
1899—Apr. 29	4½	....	4	4	4	2½	1227	1227
Nov. 1	6	....	5¼	5½	5½	3	1364	1364
1900—Mar. 8	4½	....	4	4	4	2½	1555	1555
Nov. 27	....	....	....	....	....	3	S. 2-1555	S. 2-1555
1901—Apr. 1	4½	....	4	4¼	4¼	3½	1891	1891
June 18	4½	....	4	4¼	4¼	3	1948	1948
Oct. 7	4½	....	4	4¼	4¼	3¼	2028	2028
Dec. 20	....	....	....	....	....	3½	S. 1-2028	S. 1-2028
1902—Apr. 25	4½	....	4	4¼	4¼	3½	2163	2163
Nov. 15	5	....	4½	4¾	4¾	3½	2416	2416
1903—Jan. 1	5½	....	5	5¼	5¼	4	2490	2490
Apr. 1 to date	5½	6	5	5¼	5¼	4	2594	2594

*In cargo lots, oats 10,000, other grain 8,000 bushels.

Statement showing changes in rates on grain, ex-Lake, for export, from Buffalo, N. Y., to Philadelphia, Pa., from 1896 to date, via Delaware, Lackawanna and Western Railroad.

FOR EXPORT.

[Rates in cents per bushel.]

DATE.	FROM BUFFALO, N. Y., TO PHILADELPHIA, PA.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1896—May 14	*5	....	....	....	....	....	S. 2-36	2-36
May 14	6¼	....	....	....	....	....	S. 2-36	2-36
1897—Mar. 18	4	....	3¾	3¾	3¾	3	435	435
Oct. 20	4¾	....	4½	4½	4½	3½	766	766
1898—Mar. 15	5	....	4¼	4¾	4¾	3½	902	902
1899—Jan. 26	5	....	4¼	4¾	4¾	3½	1179	1179
Nov. 1	6	....	5¼	5½	5½	3	1364	1364
1902—June 30	†3.9	....	†3.5	†3.7	†3.7	†3.2	S. 2-2163	S. 2-2163
Aug. 1	‡3.9	....	‡3.5	‡3.7	‡3.7	‡3.2	S. 3-2163	S. 3-2163

*In cargo lots, 8,000 bushels, oats 10,000 bushels.
†Rates expired July 15, 1902.
‡Rates expired Aug. 15, 1902.

TABLE No. 3.

Statement showing changes in rates on grain, ex-Lake, from Buffalo, N. Y., to Boston, Mass., via Erie Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	TARIFF.	FROM BUFFALO, N. Y., TO BOSTON, MASS.					
		Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)
	I. C. C. No.						
1896—Apr. 21	195	8	....	....	7¾	7¾	4½
May 4	S. 1-195	....	9	....	....	....	....
Sept. 15	406	8	9	....	7¾	7¾	4½
Oct. 8	S. 1-406	....	....	7¼	....	....	....
1898—Apr. 9	1353	8	....	6¾	7½	7½	4½
1899—Apr. 24	1774	7	....	5¾	6	6½	4
Apr. 27	1775	6½	6½	5¼	5¾	6	3½
Nov. 1	1945	8½	8½	7	8¼	8¼	4½
1900—Mar. 8	2200	6½	6½	5¼	5¾	6	3½
Nov. 27	2552	6½	6½	5¼	5¾	6	3¾
1901—Apr. 1	2711	6½	6½	5½	6	6	4
June 1	2817	6	6	5	5½	5½	3¾
Oct. 13	2939	6	6	5	5½	5½	4
1902—Apr. 28	3144	6½	6½	5½	6	6	4
Nov. 15	3229	7	7	6	6½	6½	4¼
1903—Apr. 1	3481	7	7½	6	6½	6½	4¼

FOR EXPORT.

DATE.	TARIFF.	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)
1896—Mar. 7	72	*5	....	*4¼	*4¾	*4¾	*4
Mar. 7	72	6¼	....	5½	6	6	4½
May 4	S. 1-72	....	*6	....	....	....	....
May 4	S. 1-72	....	7¼	....	....	....	....
June 1	271	*5	*6	*4¼	*4¾	*4¾	*3½
June 1	271	6¼	7¼	5½	6	6	4½
1897—Mar. 16	705	5	5	4¼	4¾	4¾	3½
Oct. 20	1058	5¾	5¾	5	5½	5½	4
1898—Mar. 15	1333	5	5	4¼	4¾	4¾	3½
Aug. 29	1486	4½	4½	3¾	4¼	4¼	3
1903—Apr. 1	3482	5	5½	4½	4¾	4¾	4
Sept. 16	3679	4	4	3½	3¾	3¾	3
Nov. 16	3742	4½	4½	4	4¼	4¼	3½
1904—Jan. 1	3794	5	5	4½	4¾	4¾	4
Feb. 9	3852	4.6	4.6	4.1	4.35	4.35	3.6
Feb. 15	3863	3.8	3.8	3.3	3.55	3.55	2.8
Feb. 18	3865	3.4	3.4	2.9	3.15	3.15	2.4
Feb. 23	3877	3	3	2.5	2.75	2.75	2
Feb. 27	3877	2.6	2.6	2.1	2.35	2.35	1.6
Mar. 5	3892	2.2	2.2	1.7	1.95	1.95	1.2
Mar. 8	3901	1.8	1.8	1.3	1.55	1.55	0.8
Mar. 15	3911	1.4	1.4	0.9	1.15	1.15	0.4
Mar. 21	3916	1	1	0.5	0.75	0.75	0.4
Mar. 28	3925	0.6	0.6	0.5	0.35	0.35	0.4
Apr. 2	3929	0.2	0.2	0.1	0.35	0.35	0.4
Apr. 30	3953	4	4	3½	3¾	3¾	3

*In cargo lots, oats 10,000, other grain 8,000 bushels.

Statement showing charges in rates on grain, ex-Lake, from Buffalo, N. Y., to New York, N. Y., via Erie Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	TARIFF.	FROM BUFFALO, N. Y., TO NEW YORK, N. Y.					
		Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)
	I. C. C. No.						
1896—Mar. 7	72	*5	....	*4¼	*4¾	*4¾	*4
Mar. 7	72	6¼	....	5½	6	6	4½
May 4	S. 1-72	....	*6	....	....	....	....
May 4	S. 1-72	....	7¼	....	....	....	....
June 1	271	*5	*6	*4¼	*4¾	*4¾	*3½
June 1	271	6¼	7¼	5½	6	6	4½
1897—Mar. 16	705	5	5	4¼	4¾	4¾	3½
Oct. 20	1158	5¾	5¾	5	5½	5½	4
1898—Mar. 15	1333	5	5	4¼	4¾	4¾	3½
Aug. 29	1486	4½	4½	3¾	4¼	4¼	3
1899—Apr. 29	1779	5	5	4¼	4½	4½	3
Nov. 1	1944	6½	6½	5¾	6	6	3½
1900—Mar. 8	2199	5	5	4¼	4½	4½	3
Nov. 27	2553	5	5	4¼	4½	4½	3¼
Dec. 24	S. 1-2553	....	....	....	....	....	3½
1901—Apr. 1	2712	5	5	4¼	4½	4½	3½
June 1	2816	5	5	4¼	4½	4½	3¼
Oct. 14	2938	5	5	4¼	4½	4½	3½
Dec. 20	3014	5	5	4¼	4½	4½	3
1902—Apr. 25	S. 2-3014	....	....	....	....	....	3⅝
Nov. 15	3328	5½	5½	4¾	5	5	3¾
1903—Jan. 1	3356	6	6	5¼	5½	5½	4
Apr. 1	3479	6	6½	5¼	5½	5½	4
Apr. 23	3480	†5	†5½	†4½	†4¾	†4¾	†4
May 21	S. 1-3480	....	†5	....	....	....	....
Sept. 16	3678	†4	†4	†3½	†3¾	†3¾	†3
Nov. 16	3741	†4½	†4½	†4	†4¼	†4¼	†3½
1904—Jan. 1	3792	†5	†5	†4½	†4¾	†4¾	†4
Feb. 8	3848	†4.6	†4.6	†4.1	†4.35	†4.35	†3.6
Feb. 15	3860	†3.8	†3.8	†3.3	†3.55	†3.55	†2.8
Feb. 18	3867	†3.4	†3.4	†2.9	†3.15	†3.15	†2.4
Feb. 23	3874	†3	†3	†2.5	†2.75	†2.75	†2
Feb. 27	3885	†2.6	†2.6	†2.1	†2.35	†2.35	†1.6
Mar. 5	3894	†2.2	†2.2	†1.7	†1.95	†1.95	†1.2
Mar. 8	3903	†1.8	†1.8	†1.3	†1.55	†1.55	†0.8
Mar. 15	3910	†1.4	†1.4	†0.9	†1.15	†1.15	†0.4
Mar. 21	3914	†1	†1	†0.5	†0.75	†0.75	†0.4
Mar. 28	3923	†0.6	†0.6	†0.5	†0.35	†0.35	†0.4
Apr. 2	3930	†0.2	†0.2	†0.1	†0.35	†0.35	†0.4
Apr. 30	3954	†4	†4	†3½	†3¾	†3¾	†3

FOR EXPORT.

DATE.	TARIFF.	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)
1897—Oct. 20	1158	5¾	5¾	5	5½	5½	4
1898—Mar. 15	1333	5	5	4¼	4¾	4¾	3½
Aug. 29	1486	4½	4½	3¾	4¼	4¼	3

*In cargo lots, oats 10,000, other grain 8,000 bushels. †To Jersey City.

Statement showing charges in rates on grain, ex-Lake, from Buffalo, N. Y., to Philadelphia, Pa., via Erie Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	TARIFF.	FROM BUFFALO, N. Y., TO PHILADELPHIA, PA.					
		Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (48 lbs.)
	I. C. C. No.						
1896—Mar. 7	72	*4	....	*3¾	*3¾	*3¾	*3½
Mar. 7	72	5¼	....	5	5	5	4
May 4	S. 1-72	....	*5	....	....	....	....
May 4	S. 1-72	....	6¼	....	....	....	....
May 19	247	*4	*5	*3¾	*3¾	*3¾	*3½
May 19	247	5¼	6¼	5	5	5	4
June 1	271	*4	*5	*3¾	*3¾	*3¾	*3
June 1	271	5¼	6¼	5	5	5	4
July 20	328	*4	*5	*3¾	*3¾	*3¾	*3
July 20	328	5¼	6¼	5	5	5	4
1897—Mar. 16	705	5	5	4¼	4¾	4¾	3½
Oct. 20	1158	5¾	5¾	5	5½	5½	4
1898—Mar. 15	1333	5	5	4¼	4¾	4¾	3½
Aug. 29	1486	4½	4½	3¾	4¼	4¼	3
1899—Apr. 29	1779	4½	4½	4	4	4	2½
Nov. 1	1944	6	6	5¼	5½	5½	3
1900—Mar. 8	2199	4½	4½	4	4	4	2½
Nov. 27	2553	4½	4½	4	4	4	3
Dec. 24	S. 1-2553	....	....	....	....	....	3¼
1901—Jan. 23	S. 2-2553	....	....	....	4¼	4¼	3½
Apr. 1	2712	4½	4½	4	4¼	4¼	3½
June 1	2816	4½	4½	4	4¼	4¼	3
Oct. 14	2938	4½	4½	4	4¼	4¼	3¼
Dec. 20	3014	4½	4½	4	4¼	4¼	3½
1902—Nov. 15	3328	5	5	4½	4¾	4¾	3½
1903—Jan. 1	3356	5½	5½	5	5¼	5¼	4
Apr. 1	3479	5½	6	5	5¼	5¼	4

*In cargo lots, oats 10,000, other grain 8,000 bushels.

Statement showing charges in rates on grain, ex-Lake, from Buffalo, N. Y. to Philadelphia, Pa., via Erie Railroad—Continued.

FOR EXPORT.

[Rates in cents per bushel.]

DATE.	TARIFF.	FROM BUFFALO, N. Y., TO PHILADELPHIA, PA.					
		Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (48 lbs.)
	I. C. C. No.						
1897—Mar. 16	705	4	4	3¾	3¾	3¾	3
Oct. 20	1158	4¾	4¾	4½	4½	4½	3½
1898—Mar. 15	1333	5	5	4¼	4¾	4¾	3½
Aug. 29	1486	4½	4½	3¾	4¼	4¼	3
1902—June 24	S. 3-3014	3.9	3.9	3.5	3.7	3.7	3.2
Nov. 22	3326 Cor.	4½	4½	4	4¼	4¼	3½
1903—Jan. 1	3345	5	5	4½	4¾	4¾	4
Mar. 31	S. 2-3345	....	5½	....	....	....	....
May 21	S. 3-3345	....	5	....	....	....	....
Sept. 16	3680	4	4	3½	3¾	3¾	3
Nov. 16	3743	4½	4½	4	4¼	4¼	3½
1904—Jan. 1	3795	5	5	4½	4¾	4¾	4
Feb. 9	3851	4.6	4.6	4.1	4.35	4.35	3.6
Feb. 15	3862	3.8	3.8	3.3	3.55	3.55	2.8
Feb. 18	3868	3.4	3.4	2.9	3.15	3.15	2.4
Feb. 23	3875	3	3	2.5	2.75	2.75	2
Feb. 27	3886	2.6	2.6	2.1	2.35	2.35	1.6
Mar. 5	3893	2.2	2.2	1.7	1.95	1.95	1.2
Mar. 8	3902	1.8	1.8	1.3	1.55	1.55	0.8
Mar. 15	3908	1.4	1.4	0.9	1.15	1.15	0.4
Mar. 21	3915	1	1	0.5	0.75	0.75	0.4
Mar. 28	3924	0.6	0.6	0.5	0.35	03.5	0.4
Apr. 2	3928	0.2	0.2	0.1	0.35	0.35	0.4
Apr. 30	3952	4	4	3½	3¾	3¾	3

TABLE NO. 4.

Statement showing changes in rates on grain, ex-Lake, from Buffalo, N. Y., to Boston, Mass., via Erie and Western Transportation Company (Pennsylvania Railroad Company).

DOMESTIC.

[Rates in cents per bushel.]

DATES.	Tariffs, Commission's No.	FROM BUFFALO, N. Y., TO BOSTON, MASS.						Road No.
		Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	
	File No.							
1889—July 22	357	9½	....	....	8¼	....	5⅜	23
July 22	359	8¾	....	....	8¼	....	5¼	24
Oct. 7	366	9¼	....	....	8¾	....	5¾	*30
Oct. 7	368	8¾	....	....	8¼	....	5¼	30
1890—Apr. 11	382	8½	....	....	8	....	....	5
May 12	390	8	....	....	7½	....	5⅜	11
May 16	391	7½	....	....	7	....	5⅛	12
Aug. 18	402	8¾	....	....	7⅝	....	5⅛	21
Aug. 23	403	....	....	....	7¾	....	....	22
1891—Mar. 19	417	8¼	....	....	7½	....	5	1
June 7	441	....	....	....	6½	....	....	19
1892—Apr. 11	475	8¼	8¼	7½	7½	7½	5	4

EXPORT.

DATES.	Tariffs, Commission's No.	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Road No.
1889—July 22	357	6½	....	....	5½	....	3¾	23
Aug. 23	364	5⅞	....	....	5	....	3½	28
Sept. 16	365	5⅞	....	....	5⅜	....	3⅞	29
Oct. 7	366	6½	....	....	5¾	....	4¼	*30
1890—Apr. 2	374	....	....	....	5¼	....	....	2
Apr. 7	381	5¾	....	....	5¼	....	4	3
May 12	390	6⅛	....	....	5⅜	....	3⅞	11
June 5	394	....	....	....	5¼	....	....	15
1891—Mar. 19	417	5½	....	....	5¼	....	4	1
Nov. 6	465	6	6	5¾	5¾	5¾	....	39
1892—Apr. 11	475	5¾	5¾	5½	5½	5½	4	4
May 6	485	4¾	4¾	4½	4½	4½	3⅛	11
May 7	488	4½	4½	4¼	4¼	4¼	3	14
Sept. 20	533	4¾	4¾	4½	4½	4½	3¼	39
Sept. 21	534	4¾	4¾	4¾	4¾	4¾	3½	40
Sept. 23	535	5	5	4¾	4¾	4¾	3½	41
Oct. 17	543	5½	5½	5¼	5¼	5¼	4	46
Oct. 28	550	6	6	5¾	5¾	5¾	4½	52
Nov. 5	555	7	7	6¾	6¾	6¾	5½	56
Dec. 4	564	6½	6½	6¼	6¼	6¼	5	64
1893—June 17	585	6¼	....	5¾	6	6	4¼	6
July 5	589	6	....	5½	5¾	5¾	4	9
1894—Mar. 20	624	5	5	4¾	4¾	4¾	4	2
1895—Apr. 11	682	5	....	4¼	4¾	4¾	4	1
	I. C. C. No.							I. C. C. No.
1897—Mar. 15	2	5	5	4¼	4¾	4¾	3½	2

*Corrected.

Statement showing changes in rates on grain, ex-Lake, domestic, from Buffalo, N. Y., to New York, N. Y., from 1889, via Erie and Western Transportation Co.

DOMESTIC.

[Rates in cents per bushel.]

DATES.	Tariffs, Commission's No.	FROM BUFFALO, N. Y., TO NEW YORK, N. Y.						Tariffs, Road No.
		Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	
	File No.							
1889—July 22	357	6½	....	....	5½	....	3¾	23
July 22	359	6½	....	....	5½	....	3¾	24
Aug. 23	364	5⅞	....	....	5	....	3½	28
Sept. 16	365	5⅞	....	....	5⅜	....	3⅞	29
Oct. 7	366	6½	....	....	5¾	....	4¼	*30
1890—Apr. 2	374	....	....	....	5¼	....	....	2
Apr. 7	381	5¾	....	....	5¼	....	4	3
1891—Mar. 19	417	5½	....	....	5¼	....	4	1
Oct. 14	462	5¾	5¾	5½	5½	5½	4	36
Nov. 17	466	6	6	5¾	5¾	5¾	4	40
1892—Apr. 11	475	5¾	5¾	5½	5½	5½	4	4
May 6	485	4¾	4¾	4½	4½	4½	3⅛	11
May 7	488	4½	4½	4¼	4¼	4¼	3	14
Sept. 1	526	....	....	....	....	....	3	34
Sept. 2	523	....	....	4½	4½	4½	....	33
Sept. 3	524	4½	4½	4¼	4¼	4¼	4	32
Sept. 21	534	4¾	4¾	4¾	4¾	4¾	3½	40
Sept. 23	535	5	5	4¾	4¾	4¾	3½	41
Oct. 17	543	5½	5½	5¼	5¼	5¼	4	46
Oct. 26	547	6	6	5¾	5¾	5¾	4½	49
Nov. 5	555	7	7	6¾	6¾	6¾	5½	56
1893—Apr. 4	569	6	....	5½	5¾	5¾	4	1
June 17	585	6¼	....	5¾	6	6	4¼	6
July 5	589	6	....	5½	5¾	5¾	4	9
1894—Mar. 20	624	5	5	4¾	4¾	4¾	4	2
1895—Apr. 11	682	5	....	4¼	4¾	4¾	4	1
	I. C. C. No.							I. C. C. No.
1897—Mar. 15	2	5	5	4¼	4¾	4¾	3½	2

EXPORT.

	I. C. C. No.							I. C. C.
1897—Mar. 15	2	5	5	4¼	4¾	4¾	3½	2

*Corrected.

TABLE No. 5.

Statement showing rates on grain, ex-Lake, domestic and export, from Buffalo, N. Y., to Philadelphia, Pa., from 1899 to date, via Western New York and Pennsylvania Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	TARIFF.	FROM BUFFALO, N. Y., TO NEW YORK, N. Y.					
		Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)
	I. C. C. No.						
1900—Nov. 27	S. 1–S. 22	5	5	....	4½	4½	3
1901—Mar. 9	S. 5–S. 22	....	....	4¼	....	....	3½
June 1	S. 75	5	5	4¼	4½	4½	3¼
Dec. 24	S. 143	5	5	4¼	4½	4½	3½
1902—Jan. 4	S. 145	5	5	4¼	4½	4½	3½
Apr. 21	S. 175	5	5	4¼	4½	4½	3⅝
Nov. 15	S. 207	5½	5½	4¾	5	5	3¾
1903—Jan. 1	S. 221	6	6	5¼	5½	5½	4
Jan. 10	S. 239	6	6	5¼	5½	5½	4
Apr. 1	S. 297	6	6½	5¼	5½	5½	4
May 12 to date	S. 323	6	6½	5¼	5½	5½	4

Statement showing rates on grain, ex-Lake, domestic, and export, from Buffalo, N. Y., to Philadelphia, Pa., from 1899 to date, via Western New York and Pennsylvania Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATE.	TARIFF.	FROM BUFFALO, N. Y., TO PHILADELPHIA, PA.					
		Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)
	I. C. C. No.						
1899—May 14	S. 1–390	4½	4½	4	4	4	2½
Nov. 1	S. 2–425	6	6	....	5½	5½	3
1900—Mar. 11	S. 4–425	4½	4½	....	4	4	2½
1901—Mar. 9	S. 5–S. 22	....	....	....	4¼	4¼	3½
Apr. 1	S. 6–S. 22	....	....	....	4½	4½	3¼
May 1	S. 7–S. 22	....	....	....	4¼	4¼	3½
June 1	S. 75	4½	4½	4	4¼	4¼	3
Dec. 24	S. 143	4½	4½	4	4¼	4¼	3½
1902—Jan. 4	S. 145	4½	4½	4	4¼	4¼	3½
Nov. 15	S. 207	5	5	4½	4¾	4¾	3½
1903—Jan. 1	S. 221	5½	5½	5	5¼	5¼	4
Apr. 1	S. 297	5½	6	5	5¼	5¼	4
May 12	S. 323	5½	6	5	5¼	5¼	4
Sept. 24	S. 2–S. 323	....	4	....	....	....	....
Nov. 25	S. 4–S. 323	....	4½	....	....	....	....
1904—Jan. 1	S. 5–S. 323	....	5	....	....	....	....
Feb. 8	S. 6–S. 323	....	4.6	....	....	....	....
Feb. 13	S. 7–S. 323	....	4.2	....	....	....	....
Feb. 13	S. 8–S. 323	....	3.8	....	....	....	....
Feb. 17	S. 9–S. 323	....	3.4	....	....	....	....
Feb. 19	S. 10–S. 323	....	3	....	....	....	....
Feb. 26	S. 11–S. 323	....	2.6	....	....	....	....
Mar. 3	S. 12–S. 323	....	2.2	....	....	....	....

Statement showing rates on grain, ex-Lake, domestic, and export, from Buffalo, N. Y., to Philadelphia, Pa., from 1899 to date, etc.—Continued.

FOR EXPORT.

DATE.	TARIFF.	FROM BUFFALO, N. Y., TO PHILADELPHIA, PA.					
		Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)
	I. C. C. No.						
1904—Jan. 18	S. 418	4.6	4.6	4.1	4.35	4.35	3.6
Feb. 8	S. 426	4.2	4.6	3.7	3.95	3.95	3.2
Feb. 13	S. 429	3.8	3.8	3.3	3.55	3.55	2.8
Feb. 13	S. 431	3.4	3.4	2.9	3.15	3.15	2.4
Feb. 17	S. 436	3	3	2.5	2.75	2.75	2
Feb. 19	S. 438	2.6	2.6	2.1	2.35	2.35	1.6
Feb. 26	S. 442	2.2	2.2	1.7	1.95	1.95	1.2
Mar. 3	S. 444	1.8	1.8	1.3	1.55	1.55	0.8
Mar. 9	S. 448	1.4	1.4	0.9	1.15	1.15	0.4
Mar. 15	S. 453	1	1	0.5	0.75	0.75	0.4
Mar. 21	S. 456	0.6	0.6	0.5	0.35	0.35	0.4
Mar. 26	*S. 457	0.2	0.2	0.1	0.35	0.35	0.4

*NOTE.—Export rates withdrawn by the Pennsylvania Railroad from Buffalo, April 30, 1904, by S. 1 to I. C. C. 457. For domestic rates see I. C. C.-S. 323.

DOMESTIC.

DATE.	TARIFF.	FROM BUFFALO, N. Y., TO BALTIMORE, MD.					
		Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)
	I. C. C. No.						
1899—May 14	S. 1-390	4½	4½	4	4	4	2½
Nov. 1	S. 2-425	6	6	....	5½	5½	3
1900—Mar. 11	S. 4-425	4½	4½	....	4	4	2½
1901—Mar. 9	S. 5-S. 22	....	....	....	4¼	4¼	3½
Apr. 1	S. 6-S. 22	....	....	....	4½	4½	3¼
May 1	S. 7-S. 22	....	....	....	4¼	4¼	3½
June 1	S. 75	4½	4½	4	4¼	4¼	3
Dec. 24	S. 143	4½	4½	4	4¼	4¼	3½
1902—Jan. 4	S. 145	4½	4½	4	4¼	4¼	3½
Nov. 15	S. 207	5	5	4½	4¾	4¾	3½
1903—Jan. 1	S. 221	5½	5½	5	5¼	5¼	4
Apr. 1	S. 297	5½	6	5	5¼	5¼	4
May 12	S. 323	5½	6	5	5¼	5¼	4

FOR EXPORT.

1904—Jan. 18	S. 418	4.6	4.6	4.1	4.35	4.35	3.6
Feb. 8	S. 426	4.2	4.6	3.7	3.95	3.95	3.2
Feb. 13	S. 429	3.8	3.8	3.3	3.55	3.55	2.8
Feb. 13	S. 431	3.4	3.4	2.9	3.15	3.15	2.4
Feb. 17	S. 436	3	3	2.5	2.75	2.75	2
Feb. 19	S. 438	2.6	2.6	2.1	2.35	2.35	1.6
Feb. 26	S. 442	2.2	2.2	1.7	1.95	1.95	1.2
Mar. 3	S. 444	1.8	1.8	1.3	1.55	1.55	0.8
Mar. 9	S. 448	1.4	1.4	0.9	1.15	1.15	0.4
Mar. 15	S. 453	1	1	0.5	0.75	0.75	0.4
Mar. 21	S. 456	0.6	0.6	0.5	0.35	0.35	0.4
Mar. 26	S. 457	0.2	0.2	0.1	0.35	0.35	0.4

NOTE.—Export rates from Buffalo were withdrawn by the Pennsylvania Railroad by S. 1 to I. C. C. No. 457, effective April 30, 1904. For domestic rates see I. C. C.-S. 323.

TABLE No 6.

Statement showing changes in rates on ex-Lake grain, for domestic use and export from Erie, Pa., to Boston, Mass., via Erie and Western Transportation Company (Pennsylvania Railroad Company.)

DOMESTIC.

[Rates in cents per bushel.]

DATES.	FROM ERIE, PA., TO BOSTON, MASS.						Commission's No.	Road No.
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)		
							I. C. C. No.	I. C. C. No.
1901—May 13	6½	6½	5½	6	6	4	99	99

FOR EXPORT.

DATES.	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1897—Mar. 15	*5	*5	*4¼	*4¾	*4¾	*3½	2	2
Oct. 20	*5¾	*5¾	*5	*5½	*5½	*4	22	22
1898—Mar. 15	5	5	4¼	4¾	4¾	3½	24	24

*In cargo lots, oats 10,000, other grain 8,000 bushels.

Statement showing changes in rates on grain, ex-Lake, domestic, from Erie, Pa., to New York, N. Y., via Erie and Western Transportation Company.

DOMESTIC.

[Rates in cents per bushel.]

DATES.	FROM ERIE, PA., TO NEW YORK, N. Y.						Commission's No.	Road No.
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)		
							File No.	
1889—June 17	6⅜	....	....	6⅛	....	3⅞	345	116
June 19	6	....	....	5⅝	....	3⅝	346	15
July 22	7	....	....	6⅛	....	4⅛	358	22
Aug. 23	6½	....	....	5⅝	....	3⅞	363	27
Oct. 7	6⅞	....	....	6⅛	....	4⅝	367	31
1890—June 5	6¼	....	....	5⅝	....	4	395	16
1891—Mar. 19	6¼	....	....	5⅞	....	4⅜	418	2
May 20	5½	5½	5⅛	5⅛	5⅛	4⅛	436	15
Aug. 1	5¾	5¾	5⅜	5⅜	5⅜	4¼	454	29
Aug. 15	6¼	6¼	5⅞	5⅞	5⅞	4½	457	32
1892—Apr. 15	6⅛	6⅛	5⅞	5⅞	5⅞	4⅜	469	1
May 6	5¾	5¾	5⅜	5⅜	5⅜	3⅞	486	12
May 13	5½	5½	5⅛	5⅛	5⅛	3⅝	490	15
May 18	5¼	5¼	5⅛	5⅛	5⅛	3⅝	493	18
June 13	4½	4½	4⅛	4⅛	4⅛	3⅝	507	25
Aug. 8	4¾	4¾	4⅜	4⅜	4⅜	3⅝	515	27
Sept. 1	5¾	5¾	5¾	5⅜	5⅜	4⅝	519	30
Sept. 1	5¼	5¼	4⅞	4⅞	4⅞	3⅝	529	37
Sept. 24	6	6	5⅝	5⅝	5⅝	4⅛	536	42
Oct. 17	6¼	6¼	5⅞	5⅞	5⅞	4⅜	544	47
Oct. 26	6¾	6¾	6⅜	6⅜	6⅜	4⅝	548	50
Oct. 29	7¼	7¼	6⅞	6⅞	6⅞	5⅛	551	53
Nov. 5	7¾	7¾	7⅜	7⅜	7⅜	5⅝	556	57

Statement showing changes in rates on grain, ex-Lake, domestic, from Erie, Pa., to New York, N. Y., etc.—Continued.

DOMESTIC—Continued.

DATES.	FROM ERIE, PA., TO NEW YORK, N. Y. Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							File No.	
1892—Nov. 8	7¼	7¼	6⅞	6⅞	6⅞	5⅛	558	59
Nov. 23	6¾	6¾	6⅜	6⅜	6⅜	4⅝	562	62
Nov. 28	6¼	6¼	5⅞	5⅞	5⅞	4⅛	565	65
1893—Apr. 4	6¾	....	6⅛	6⅜	6⅜	4⅜	570	2
June 17	7	....	6¼	6⅝	6⅝	4⅝	586	7
July 5	6¾	....	6⅛	6⅜	6⅜	4⅜	590	10
1894—Mar. 20	5¾	5¾	5⅜	5⅜	5⅜	4⅜	625	3
1895—Apr. 11	5¾	....	4⅞	5⅜	5⅜	4⅜	683	2
Aug. 24	5	....	4	4⅝	4⅝	3⅝	711	4
Nov. 1	5	5	4	4⅝	4⅝	3⅝	722	6
Nov. 27	5¾	5¾	4⅞	5⅜	5⅜	4⅜	725	8
							I. C. C. No.	I. C. C. No.
1896—Mar. 28	*5.25	....	*7.50	*4.875	*4.875	*4.125	1	1
Mar. 28	6.25	....	5.5	6	6	4.50	1	1
1897—Mar. 15	5	5	4¼	4¾	4¾	3.5	1	1
Oct. 20	5¾	5¾	5	5½	5½	4	21	21
1898—Mar. 15	5	5	4¼	4¾	4¾	3½	23	23
1899—Apr. 27	5	5	4¼	4½	4½	3	52	52
Nov. 1	6½	6½	5¾	6	6	3½	87	87
1900—Apr. 10	5	5	4¼	4½	4½	3	90	90
Nov. 10	5	5	4¼	4½	4¼	4	94	94
Nov. 19	....	....	....	....	....	3¼	†94	†94
Dec. 4	5	5	4	4½	4½	3½	96	96
1901—May 13	5	5	4¼	4½	4½	3½	99	99
June 1	5	5	4¼	4½	4½	3¼	101	101
1902—Apr. 21	5	5	4¼	4½	4½	3⅝	108	108
Nov. 15	5½	5½	4¾	5	5	3¾	111	111
1903—Mar. 21	6	6.5	5.25	5	5	4	112	112
May 4	6	6.5	5.25	5.5	5.5	4	116	116

EXPORT.

DATES.	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1897—Mar. 15	*5	*5	*4¼	*4¾	*4¾	*3½	1	1
Oct. 20	*5¾	*5¾	*5	*5½	*5½	*4	21	21
1898—Mar. 15	*5	*5	*4¼	*4¾	*4¾	*3½	23	23
1903—Sept. 17	4	4	3.5	3.75	3.75	3	117	117
Nov. 16	4.50	4.50	4	4.25	4.25	3.50	118	118
1904—Apr. 30	4	4	3.5	3.75	3.75	3	132	132

*In cargo lots, oats 10,000, other grain 8,000 bushels.
†Corrected.

Statement showing changes in rates on grain, ex-Lake, domestic, from Erie, Pa., to Philadelphia, Pa., via Erie and Western Transportation Company.

[Rates in cents per bushel.]

DOMESTIC.

DATES.	FROM ERIE, PA., TO PHILADELPHIA, PA.						Commission's No.	Road No.
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)		
							File No.	
1889—June 17	5⅛	....	....	5	....	3¼	345	116
June 19	4¾	....	....	4½	....	3	346	15
July 22	5⅞	....	....	5	....	3½	358	22
Aug. 23	5¼	....	....	4½	....	3¼	363	27
Oct. 7	5¾	....	....	5	....	4	367	31
1890—Mar. 19	....	....	....	4⅞	....	....	373	1
June 5	5	....	....	4½	....	3⅜	395	16
1891—Mar. 19	5	....	....	4¾	....	3¾	418	2
May 20	4¼	4½	4	4	4	3⅜	436	15
June 12	....	....	....	....	....	3	444	21
June 13	4	4	....	....	....	....	446	22
Aug. 1	4½	4½	4¼	4¼	4¼	3½	454	29
Aug. 15	5	5	4¾	4¾	4¾	3¾	457	32
1892—Apr. 15	5	5	4¾	4¾	4¾	3¾	461	1
May 6	4½	4½	4¼	4¼	4¼	3¼	486	12
May 13	4¼	4¼	4	4	4	3	490	15
May 18	4	4	4	4	4	3	493	18
May 30	4	4	3¾	3¾	3¾	3	500	21
June 10	3½	3⅓	3¼	3¼	3¼	3	505	23
June 13	3¼	3¼	3	3	3	3	507	25
Aug. 8	3½	3½	3¼	3¼	3¼	3	515	27
Sept. 1	4½	4½	4¼	4¼	4¼	4	519	30
Sept. 1	4	4	3¾	3¾	3¾	3	529	37
Sept. 24	4¾	4¾	4½	4½	4½	3½	536	42
Oct. 17	5	5	4¾	4¾	4¾	3¾	544	47
Oct. 26	5½	5½	5¼	5¼	5¼	4	548	50
Oct. 29	6	6	5¾	5¾	5¾	4½	551	53
Nov. 5	6½	6½	6¼	6¼	6¼	5	556	57
Nov. 8	6	6	5¾	5¾	5¾	4½	558	59
Nov. 23	5½	5½	5¼	5¼	5¼	4	562	62
Nov. 28	5	5	4¾	4¾	4¾	3½	565	65
1893—Apr. 4	5½	....	5	5¼	5¼	3¾	570	2
June 17	5¾	....	5¼	5½	5½	4	586	7
July 5	5½	....	5	5¼	5¼	3¾	590	10
1894—Mar. 12	....	....	....	4¼	4¼	....	623	1
Mar. 20	4½	4½	4¼	4¼	4¼	3¾	625	3
1895—Apr. 11	4½	....	3¾	4¼	4¼	3¾	683	2
Aug. 24	3¾	....	3	3½	3½	3	711	4
Nov. 1	4	4	3½	3¾	3¾	3¼	722	6
Nov. 27	4½	4½	3¾	4¼	4¼	3¾	725	8
							I. C. C. No.	
1896—Mar. 28	*4	....	*3¾	*3¾	*3¾	*3½	1	1
Mar. 28	5¼	....	5	5	5	4	1	1
1897—Mar. 15	5	5	4¼	4¾	4¾	3½	1	1
Oct. 20	5¾	5¾	5	5½	5½	4	21	21
1898—Mar. 15	5	5¾	4¼	4¾	4¾	3½	23	23
1899—Apr. 27	4½	4½	4	4	4	2½	52	52
Nov. 1	6	6	5¼	5½	5½	3	86	86
							I. C. C. No.	
1900—Apr. 10	4½	4½	4	4	4	2½	90	90
Nov. 10	4½	4½	4	4	4	3½	94	94
Dec. 4	4½	4½	4	4¼	4¼	3½	96	96
1901—May 13	4½	4½	4	4¼	4¼	3½	99	99
June 1	4½	4½	4	4¼	4¼	3	101	101
1902—Apr. 21	4½	4½	4	4¼	4¼	3½	108	108
Nov. 15	5	5	4½	4¾	4¾	3½	111	111
1903—Mar. 21	5½	6	5	5¼	5¼	4	112	112
May 4	5½	6	5	5¼	5¼	4	116	116

*In cargo lots, oats 10,000, other grain 8,000 bushels.

Statement showing changes in rates on grain, ex-Lake, domestic, from Erie, Pa., to Philadelphia, Pa., etc.—Continued.

DATES.	FROM ERIE, PA., TO PHILADELPHIA, PA.						Commission's No.	Road No.
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)		
EXPORT.								
							I. C. C. No.	
1897—Mar. 15	*4	*4	*3¾	*3¾	*3¾	*3	1	1
Oct. 20	*4¾	*4¾	*4½	*4½	*4½	*3½	21	21
1898—Mar. 15	*5	*5	*4¼	*4¾	*4¾	*3½	23	23
1899—Apr. 27	3½	3½	2¾	2¾	3¼	2½	52	52
Aug. 7	3½	3½	2¾	2¾	3	2	74	74
Oct. 1	3½	3½	3	3¼	3¼	2¼	80	80
Nov. 1	5	5	4¼	4½	4½	3	86	86
1900—Apr. 10	3	3	2½	2¾	2¾	2	90	90
Nov. 10	4	4	3½	3¾	3¾	3	94	94
Dec. 4	4½	4½	4	4¼	4¼	3½	96	96
1901—May 13	4	4	3½	3¾	3¾	3	99	99
June 1	3½	3½	3	3¼	3¼	2½	101	101
1902—Apr. 21	4½	4½	4	4¼	4¼	3⅝	108	108
June 20	3.9	3.9	3.5	3.7	3.7	3.2	109	109
Sept. 1	4.5	4.5	4	4.25	4.25	3.5	110	110
1903—Mar. 21	5	5½	4½	4.75	4.75	4	112	112
May 4	5	5	4½	4.75	4.75	4	116	116
Sept. 15	3.6	3.6	3.1	3.35	3.35	2.6	117	117
Nov. 16	4.10	4.10	3.60	3.85	3.75	3.10	118	118
1904—Feb. 8	4.20	4.20	3.70	3.95	3.95	3.20	119	119
Feb. 12	3.80	3.80	3.30	3.55	3.55	2.80	120	120
Feb. 15	3.4	3.4	2.9	3.15	3.15	2.4	121	121
Feb. 18	3	3	2.5	2.75	2.75	2	122	122
Feb. 20	2.6	2.6	2.1	2.35	2.35	1.6	123	123
Feb. 26	2.2	2.2	1.7	1.95	1.95	1.2	124	124
Mar. 4	1.8	1.8	1.3	1.55	1.55	0.8	125	125
Mar. 9	1.4	1.4	0.9	1.15	1.15	0.4	126	126
Mar. 15	1	1	0.5	0.75	0.75	0.4	127	127
Mar. 21	0.6	0.6	0.5	0.35	0.35	0.4	128	128
Mar. 26	0.2	0.2	0.1	0.35	0.35	0.4	129	129
Apr. 30 to date ..	4	4	3.5	3.75	3.75	3	132	132

*In cargo lots, oats 10,000, other grain 8,000 bushels.

Statement showing changes in rates on grain, ex-Lake, domestic, from Erie, Pa., to Baltimore, Md., via Erie and Western Transportation Company.

DOMESTIC.

[Rates in cents per bushel.]

DATES.	FROM ERIE, PA., TO BALTIMORE, MD. Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							File No.	
1889—June 17	4⅞	....	....	4¾	....	3⅛	345	116
June 19	4½	....	....	4¼	....	2⅞	346	15
July 22	5½	....	....	4¾	....	3¼	358	22
Aug. 23	4⅞	....	....	4¼	....	3	363	27
Oct. 7	5¼	....	....	4½	....	3¾	367	31
1890—Mar. 19	....	....	....	4⅜	....	....	373	1
June 5	4½	....	....	4	....	3	395	16
1891—Mar. 19	4¾	....	....	4½	....	3½	418	2
May 20	4	4	3¾	3¾	3¾	3¼	436	15
June 12	....	....	....	....	....	3	444	21
Aug. 1	4½	4½	4½	4¼	4¼	3½	454	29
Aug. 15	5	5	4¾	4¾	4¾	3¾	457	32
1892—May 6	4½	4½	4¼	4¼	4¼	4¾	486	12
May 13	4¼	4¼	4	4	4	3	490	15
May 18	4	4	4	4	4	3	493	18
May 30	4	4	3¾	3¾	3¾	3	500	21
June 10	3½	3½	3¼	3¼	3¼	3	505	23
June 13	3¼	3¼	3	3	3	3	507	25
Aug. 8	3½	3½	3¼	3¼	3¼	3	515	27
Sept. 1	4½	4½	4¼	4¼	4¼	4	519	30
Sept. 1	4	4	3¾	3¾	3¾	3	529	37
Sept. 24	4¾	4¾	4½	4½	4½	3½	536	42
Oct. 17	5	5	4¾	4¾	4¾	3¾	544	47
Oct. 26	5½	5½	5¼	5¼	5¼	4	548	50
Oct. 29	6	6	5¾	5¾	5¾	4½	551	53
Nov. 5	6½	6½	6¼	6¼	6¼	5	556	57
Nov. 8	6	6	5¾	5¾	5¾	4½	558	59
Nov. 23	5½	5½	5¼	5¼	5¼	4	562	62
Nov. 28	5	5	4¾	4¾	4¾	3½	565	65
1893—Apr. 4	5½	....	5	5¼	5¼	3⅜	570	2
June 17	5¾	....	5¼	5½	5½	4	586	7
July 5	5½	....	5	5¼	5¼	3¾	590	10
1894—Mar. 20	4½	4½	4¼	4¼	4¼	3¾	625	3
1895—Apr. 11	4½	....	3¾	4¼	4¼	3¾	683	2
Aug. 24	3¾	....	3	3½	3½	3	711	4
Nov. 1	4	4	3½	3¾	3¾	3¼	722	6
Nov. 27	4½	4½	3¾	4¼	4¼	3¾	725	8
							I. C. C. No.	
1896—Mar. 28	*4	....	*3¾	*3¾	*3¾	*3½	1	....
Mar. 28	5¼	....	5	5	5	4	1	....
1897—Mar. 16	5	5	4¼	4¾	4¾	3½	1	....
Mar. 15	5	5	4¼	4¾	4¾	3½	1	1
Oct. 20	5¾	5¾	5	5½	5½	4	21	21
1898—Mar. 15	5	5¾	4¼	4¾	4¾	3½	23	23
1899—Apr. 27	4½	4½	4	4	4	2½	52	52
Nov. 1	6	6	5¼	5½	5½	3	86	86
							I. C. C. No.	
1900—Apr. 10	4½	4½	4	4	4	2½	90	90
Nov. 10	4½	4½	4	4	4	3½	94	94
Dec. 4	4½	4½	4	4¼	4¼	3½	96	96
1901—May 13	4½	4½	4	4¼	4¼	3½	99	99
June 1	4½	4½	4	4¼	4¼	3	101	101
1902—Apr. 21	4½	4½	4	4¼	4¼	3½	108	108
Nov. 15	5	5	4½	4¾	4¾	3½	111	111
1903—Mar. 21	5½	6	5	5¼	5¼	4	112	112
May 4	5½	6	5	5¼	5¼	4	116	116

*In cargo lots, oats 10,000, other grain 8,000 bushels.

Statement showing changes in rates on grain, ex-Lake, domestic, from Erie, Pa., to Baltimore, Md., via Erie and Western Transportation Company—Continued.

DATES.	FROM ERIE, PA., TO BALTIMORE, MD.						Commission's No.	Road No.
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)		
FOR EXPORT.								
							I. C. C. No.	I. C. C. No.
1897—Mar. 15	*4	*4	*3¾	*3¾	*3¾	*3	1	1
Oct. 20	*4¾	*4¾	*4½	*4½	*4½	*3½	21	21
1898—Mar. 15	*5	*5	*4¼	*4¾	*4¾	*3½	23	23
1899—Apr. 27	3½	3½	2¾	2¾	3¼	2½	52	52
Aug. 7	3½	3½	2¾	2¾	3	2	74	74
Oct. 1	3½	3½	3	3¼	3¼	2¼	80	80
Nov. 1	5	5	4¼	4½	4½	3	86	86
1900—Apr. 10	3	3	2½	2¾	2¾	2	90	90
Nov. 10	4	4	3½	3¾	3¾	3	94	94
Dec. 4	4½	4½	4	4¼	4¼	3½	96	96
1901—May 13	4	4	3½	3¾	3¾	3	99	99
June 1	3½	3½	3	3¼	3¼	2½	101	101
1902—Apr. 21	4½	4½	4	4¼	4¼	3⅝	108	108
June 20	3½	3½	3¼	3¼	3¼	3	109	109
Sept. 1	4.1	4.1	3.6	3.85	3.85	3.1	110	110
1903—Mar. 21	4.6	5.1	4½	4.35	4.35	3.6	112	112
May 4	4.6	4.6	4.1	4.35	4.35	3.6	116	116
Sept. 15	3.6	3.6	3.1	3.35	3.35	2.6	117	117
Nov. 16	4.10	4.10	3.60	3.85	3.85	3.10	118	118
1904—Feb. 8	4.20	4.20	3.70	3.95	3.95	3.20	119	119
Feb. 12	3.8	3.8	3.3	3.55	3.55	2.8	120	120
Feb. 15	3.4	3.4	2.9	3.15	3.15	2.4	121	121
Feb. 18	3	3	2.5	2.75	2.75	2	122	122
Feb. 20	2.6	2.6	2.1	2.35	2.35	1.6	123	123
Feb. 26	2.2	2.2	1.7	1.95	1.95	1.2	124	124
Mar. 4	1.8	1.8	1.3	1.55	1.55	0.8	125	125
Mar. 9	1.4	1.4	0.9	1.15	1.15	0.4	126	126
Mar. 15	1.0	1.0	0.5	0.75	0.75	0.4	127	127
Mar. 21	0.6	0.6	0.5	0.35	0.35	0.4	128	128
Mar. 26	0.2	0.2	0.1	0.35	0.35	0.4	129	129
Apr. 30 to date	3.6	3.6	3.1	3.35	3.35	2.6	132	132

*In cargo lots, oats 10,000, other grain 8,000 bushels.

Table No. 7.

Statement showing changes in rates on grain, ex-Lake, domestic and export, from Fairport, Ohio, to New York, N. Y., via Pittsburgh and Western Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATES.	FROM FAIRPORT, OHIO, TO NEW YORK, N. Y.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1899—May 1	3½	3½	2¾	2¾	3¼	2½	225	225
May 4	*3½	*3½	*2¾	*2¾	*3¼	*2½	226	226
May 4	5	5	4¼	4½	4½	3	226	226

FOR EXPORT.

1899—May 15	3½	3½	2¾	2¾	3¼	2½	229	229

*In cargo lots, oats 10,000, other grain 8,000 bushels.

Statement showing changes in rates on grain, ex-Lake, domestic, from Fairport, Ohio, to Philadelphia, Pa., via Pittsburgh and Western Railway and Baltimore and Ohio Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATES.	FROM FAIRPORT, OHIO, TO PHILADELPHIA., PA.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							I. C. C. No.	I. C. C. No.
1899—May 1	3½	3½	2¾	2¾	3¼	2½	225	225
May 4	*3½	*3½	*2¾	*2¾	*3¼	*2½	226	226
May 4	4½	4½	4	4	4	2½	226	226
1900—Nov. 30	4½	4½	4	4	4	3	345	345
Dec. 24	4½	4½	4	4	4	3¼	351	351
1901—Jan. 29	4½	4½	4	4¼	4¼	3½	363	363
Oct. 7	4½	4½	4	4¼	4¼	3¼	406	406
Dec. 20	4½	4½	4	4¼	4¼	3½	S. 1-406	S. 1-406
1902—Apr. 7	3½	3½	4	4¼	4¼	3½	422	422
Apr. 21	3½	3½	4	4¼	4¼	3⅝	S. 1-422	S. 1-422
							B. and	O. R. R.
June 16	4½	4½	4	4¼	4¼	3½	3636	3636
Nov. 15	5	5	4½	4¾	4¾	3½	3822	3822
1903—Jan. 1	5½	5½	5	5¼	5¼	4	3876	3876
Apr. 1	5½	6	5	5¼	5¼	4	4113	4113

*In cargo lots, oats 10,000, other grain 8,000 bushels.

FOR EXPORT.

(Via Pittsburgh and Western Railway.)

1899—May 15	3½	3½	2¾	2¾	3¼	2½	229	229
Nov. 6	6	6	5¼	5½	5½	3	261	261

Statement showing changes in rates on grain, ex-Lake, domestic, from Fairport, Ohio, to Baltimore, Md., via Erie and Western Transportation Company, Pittsburgh and Western Railway, and Baltimore and Ohio Railroad.

DOMESTIC.

[Rates in cents per bushel.]

DATES.	FROM FAIRPORT, OHIO, TO BALTIMORE, MD.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
							File No.	
1891—Apr. 13	4¾	4¾	4½	4½	4½	3½	427	4
May 18	4	4	3¾	3¾	3¾	3¼	436	15
June 12	4	4	3¾	3¾	3¾	3	444	21
Aug. 1	4½	4½	4¼	4¼	4¼	3½	454	29
Aug. 15	5	5	4¾	4¾	4¾	3¾	457	32
1892—Feb. 29	5	5	4¾	4¾	4¾	3¾	470	2
Apr. 30	4¾	4¾	4½	4½	4½	3½	484	10
May 6	4½	4½	4¼	4¼	4¼	3¼	487	13
May 13	4¼	4¼	4	4	4	3	491	16
May 18	4	4	4	4	4	3	494	19
May 30	4	4	3¾	3¾	3¾	3	501	22
June 10	3½	3½	3¼	3¼	3¼	3	506	24
June 13	3¼	3¼	3	3	3	3	508	26
Aug. 8	3½	3½	3¼	3¼	3¼	3	516	28
Sept. 1	4½	4½	4¼	4¼	4¼	4	520	31
Sept. 1	4	4	3¾	3¾	3¾	3	530	38
Sept. 24	4¾	4¾	4½	4½	4½	3½	537	43
Oct. 17	5	5	4¾	4¾	4¾	3¾	545	48
Oct. 26	5½	5½	5¼	5¼	5¼	4	549	51
Oct. 29	6	6	5¾	5¾	5¾	4½	552	54
Nov. 5	6½	6½	6¼	6¼	6¼	5	557	58
Nov. 8	6	6	5¾	5¾	5¾	4½	559	60
Nov. 23	5½	5½	5¼	5¼	5¼	4	563	63
Nov. 28	5	5	4¾	4¾	4¾	3½	566	66
1893—Apr. 4	5½	....	5	5¼	5¼	3¾	571	3
June 17	5¾	....	5¼	5½	5½	4	587	8
July 5	5½	....	5	5¼	5¼	3¾	591	11
1894—Mar. 20	4½	4½	4¼	4¼	4¼	3¾	626	4
1895—Apr. 11	4½	....	3¾	4¼	4¼	3¾	684	3
Aug. 24	3¾	....	3	3½	3½	3	712	5
Nov. 1	4	4	3½	3¾	3¾	3¼	723	7
Dec. 1	4½	4½	3¾	4¼	4¼	3¾	726	9
							I. C. C. No.	I. C. C. No.
1896—Mar. 28	*4	....	*3¾	*3¾	*3¾	*3½	2	2
Mar. 28	5¼	....	5	5	5	4	2	2
1897—Mar. 15	5	5	4¼	4¾	4¾	3½	163	163
1899—May 1	3½	3½	2¾	2¾	3¼	2½	225	225
May 4	*3½	*3½	*2¾	*2¾	*3¼	*2½	226	226
May 4	4½	4½	4	4	4	2½	226	226
May 15	4½	4½	4	4	4	2½	229	229
1900—Mar. 15	4½	4½	4	4	4	2½	307	307
Nov. 30	4½	4½	4	4	4	3	345	345
Dec. 24	4½	4½	4	4	4	3¼	351	351
1901—Jan. 29	4½	4½	4	4¼	4¼	3½	363	363
June 3	4½	4½	4	4¼	4¼	3	395	395
							I. C. C. No.	I. C. C. No.
1911—Oct. 7	4½	4½	4	4¼	4¼	3¼	406	406
Dec. 20	4½	4½	4	4¼	4¼	3½	S. 1-406	S. 1-406
1902—Apr. 7	3½	3½	4	4¼	4¼	3½	422	422
Apr. 21	3½	3½	4	4¼	4¼	3⅝	S. 1-422	S. 1-422
June 16	4½	4½	4	4¼	4¼	3½	3636	3636
Nov. 15	5	5	4½	4¾	4¾	3½	3822	3822
1903—Jan. 1	5½	5½	5	5¼	5¼	4	3876	3876
Apr. 1	5½	6	5	5¼	5¼	4	4113	4113

*In cargo lots, oats 10,000, other grain 8,000 bushels.

Statement showing changes in rates on grain, ex-Lake, domestic, from Fairport, Ohio, to Baltimore, Md., etc.—Continued.

DATES.	FROM FAIRPORT, OHIO, TO BALTIMORE, MD.						TARIFFS.	
	Wheat (60 lbs.)	Flaxseed (56 lbs.)	Barley (48 lbs.)	Corn (56 lbs.)	Rye (56 lbs.)	Oats (32 lbs.)	Commission's No.	Road No.
(Via Pittsburgh and Western Railway and Baltimore and Ohio Railroad.) EXPORT.								
							P. and	W. Rwy.
1897—Mar. 15	5	5	4¼	4¾	4¾	3½	163	163
1899—May 15	3½	3½	2¾	2¾	3¼	2½	229	229
Aug. 2	*3½	*3½	*2¾	*3	*3	*2	S. 1-229	S. 1-229
Sept. 25	*4½	*4½	*3¾	*4	*4	*2½	S. 2-229	S. 2-229
Oct. 7	*3½	*3½	*3	*3¼	*3¼	*2¼	S. 3-229	S. 3-229
Nov. 1	*5	*5	*4¼	*4½	*4½	*2	S. 4-229	S. 4-229
Nov. 6	*6	*6	*5¼	*5½	*5½	*3	S. 5-229	S. 5-229
Nov. 6	*5	*5	*4¼	*4½	*4½	*3	261	261
Nov. 6	6	6	5¼	5½	5½	3	261	261
1900—Mar. 15	*3	*3	*2½	*2¾	*2¾	*2	306	306
Nov. 12	*4	*4	*3½	*3¾	*3¾	*3	340	340
Dec. 8	*4½	*4½	*4	*4¼	*4¼	*3½	347	347
1901—Apr. 2	*4	*4	*3½	*3¾	*3¾	*3	382	382
June 1	*3½	*3½	*3	*3¼	*3¼	*2½	392	392
Oct. 1	*4¼	*4¼	*3¾	*4	*4	*3¾	405	405
							B. and	O. R. R.
1902—June 20	*3½	*3½	*3¼	*3¼	*3¼	*3	3642	3642
Sept. 1	4.10	4.10	3.60	3.85	3.85	3.10	3730	3730
1903—Jan. 1	4.60	4.60	4.10	4.35	4.35	3.60	3871	3871
Mar. 10	4.60	5.10	4.10	4.35	4.35	3.60	4092	4092
May 4	4.60	4.60	4.10	4.35	4.35	3.60	4204	4204
Sept. 15	3.60	3.60	3.10	3.35	3.35	2.60	4398	4398
Nov. 16	4.10	4.10	3.60	3.85	3.85	3.10	4457	4457
1904—Jan. 1	4.60	4.60	4.10	4.35	4.35	3.60	S. 1-4457	S. 1-4457
Apr. 30 to date	3.60	3.60	3.10	3.35	3.35	2.60	4460	4460

*In cargo lots, oats 10,000, other grain 8,000 bushels.

TABLE NO. 8.

Statement showing rates on grain, ex-Lake, for domestic use, from Buffalo, N. Y., to Boston, Mass., and New York, N. Y.; also difference in rates.

GRAIN, EX-LAKE, DOMESTIC.

[Rates in cents per bushel.]

DATES.	TARIFFS, I. C. C. Nos.	FROM BUFFALO, N. Y., TO—	RATES.						DIFFERENCE.					
			Wheat.	Flaxseed.	Barley.	Corn.	Rye.	Oats.	Wheat.	Flaxseed.	Barley.	Corn.	Rye.	Oats.
Apr. 29, 1896	S. 1-36	Boston, Mass.	8	...	...	7¾	7¾	4½	1¾	...	...	1¾	1¾	...
	30	New York, N. Y.	6¼	...	...	6	6	4½	...	...	...	...	...	...
May 14, 1896	S. 2-36	Boston	...	9	...	...	...	...	...	3	...	...	...	...
		New York	...	8	...	...	...	...	...	...	...	...	...	...
Apr. 20, 1897	568	Boston	8	...	7¼	7¾	7¾	4½	3	...	3	3	3	1
		New York	5	...	4¼	4¾	4¾	3½	...	...	...	...	...	...
Oct. 30, 1897	766	Boston	8	...	7¼	7¾	7⅛	4½	2¼	...	2¼	2¼	1⅝	½
		New York	5¾	...	5	5½	5½	4	...	...	...	...	...	...
Apr. 11, 1898	S. 1-902	Boston		...	6¾	7½	7½	4½	3	...	2½	2¾	2¾	1
	902	New York	5	...	4¼	4¾	4¾	3½	...	...	...	...	...	...
Jan. 26, 1899	1179	Boston	8	...	6¾	7½	7½	4½	3	...	2½	2¾	2¾	1
		New York	5	...	4¼	4¾	4¾	3½	...	...	...	...	...	...
Apr. 29, 1899	1227	Boston	6½	...	5½	5¾	6½	3½	1½	...	1¼	1¼	2	½
		New York	5	...	4¼	4½	4½	3	...	...	...	...	...	...
Nov. 1, 1899	1364	Boston	8½	...	7	8¼	8¼	4½	2	...	1¼	2¼	2¼	1
		New York	6½	...	5¾	6	6	3½	...	...	...	...	...	...
Mar. 8, 1900	1555	Boston	6½	...	5¼	5¾	6	3½	1½	...	1	1¼	1½	½
		New York	5	...	4¼	4½	4½	3	...	...	...	...	...	...
Apr. 1, 1901	1891	Boston	6½	...	5½	6	6	4	1½	...	1¼	1½	1½	½
		New York	5	...	4¼	4½	4½	3½	...	...	...	...	...	...
Oct. 7, 1901	2028	Boston	6	...	5	5½	5½	4	1	...	¾	1	1	½
		New York	5	...	4¼	4½	4½	3½	...	...	...	...	...	...
Apr. 25, 1902	2163	Boston	...	...	...	...	...	4	...	...	...	...	...	⅜
		New York	...	...	...	...	...	3⅝	...	...	...	...	...	...
Nov. 15, 1902	2416	Boston	7	...	6	6½	6½	4¼	1½	...	1¼	1½	1½	½
		New York	5½	...	4¾	5	5	3¾	...	...	...	...	...	...
Jan. 1, 1903	2490	Boston	7	...	6	6½	6½	4¼	1	...	¾	1	1	¼
		New York	6	...	5¼	5½	5½	4	...	...	...	...	...	...
Apr. 1, 1903, to date	2594	Boston	7	7½	6	6½	6½	4¼	1	1	¾	1	1	¼
		New York	6	6½	5¼	5½	5½	4	...	...	...	...	...	...

TABLE No. 9.

Statement showing rates on grain, ex-Lake, for export, from Buffalo, N. Y., to Boston and Philadelphia; also difference in rates.

[Rates in cents per bushel.]

GRAIN, EX-LAKE, FOR EXPORT.

DATES.	TARIFFS. I. C. C. Nos.	FROM BUFFALO, N. Y., TO—	RATES.						DIFFERENCE.					
			Wheat.	Flax-seed.	Barley.	Corn.	Rye.	Oats.	Wheat.	Flax-seed.	Barley.	Corn.	Rye.	Oats.
Mar. 20, 1897	300	Boston	5	5	4¼	4¾	4¾	3½	1	1	½	1	1	½
	*705	Philadelphia	4	4	3¾	3¾	3¾	3	......	......	......	......	......	......
Oct. 20, 1897	526	Boston	5¾	5¾	5	5½	5½	4	1	1	½	1	1	½
	*1158	Philadelphia	4¾	4¾	4½	4½	4½	3½	......	......	......	......	......	......
Mar. 15, 1898	697	Boston	5	5	4¼	4¾	4¾	3½	......	......	......	......	......	......
	*1333	Philadelphia	5	5	4¼	4¾	4¾	3½	......	......	......	......	......	......
Aug. 29, 1898	679	Boston	5	5	4¼	4¾	4¾	3½	½	½	½	½	½	½
	*1486	Philadelphia	4½	4½	3¾	4¼	4¼	3	......	......	......	......	......	......
Aug. 18, 1899	1297	Boston	4	......	......	4	3¾	3¼	½	......	......	1¼	½	¾
	1108	Philadelphia	3½	......	......	2¾	3¼	2½	......	......	......	......	......	......
Nov. 1, 1899	1420	Boston	5	5	4¼	4½	4½	3	......	......	......	......	......	......
	1419	Philadelphia	5	5	4¼	4½	4½	3	......	......	......	......	......	......
Mar. 13, 1900	1726	Boston	4	4	3½	3¾	3¾	3	......	......	......	......	......	½
	1739	Philadelphia	4½	4½	4	4	4	2½	½	½	½	¼	¼	......
Aug. 18, 1900	1881	Boston	3½	4	3¼	3¼	3¼	2½	½	1	¾	½	½	½
	2029	Philadelphia	3	3	2½	2¾	2¾	2	......	......	......	......	......	......

*Erie Railroad Tariffs.

TABLE NO. 10.

Statement showing rates on grain, ex-Lake, for domestic use, from Buffalo, N. Y., to New York and Philadelphia; also difference in rates.

[Rates in cents per bushel.]

GRAIN, EX-LAKE, DOMESTIC.

DATES.	TARIFFS, I. C. C. Nos.	FROM BUFFALO, N. Y., TO—	RATES.						DIFFERENCE.					
			Wheat.	Flax-seed.	Barley.	Corn.	Rye.	Oats.	Wheat.	Flax-seed.	Barley.	Corn.	Rye.	Oats.
Mar. 9, 1896	30	New York	5	....	4¼	4¾	4¾	4	1	....	½	1	1	1
		Philadelphia	4	....	3¾	3¾	3¾	3½	....	....	....	....	....	....
Mar. 9, 1896	30	New York	6¼	....	5½	6	6	4½	1	....	½	1	1	1
		Philadelphia	5¼	....	5	5	5	4	....	....	....	....	....	....
June 1, 1896	150	New York	5	....	4¼	4¾	4¾	3½	1	....	½	1	1	1
		Philadelphia	4	....	3¾	3¾	3¾	3	....	....	....	....	....	....
June 1, 1896	150	New York	6¼	....	5½	6	6	4½	1	....	½	1	1	1
		Philadelphia	5¼	....	5	5	5	4	....	....	....	....	....	....
Apr. 20, 1897	568	New York	5	....	4¼	4¾	4¾	3½	....	....	....	....	....	....
		Philadelphia	5	....	4¼	4¾	4¾	3½	....	....	....	....	....	....
Apr. 29, 1899	1227	New York	5	....	4¼	4½	4½	3	½	....	¼	½	½	½
		Philadelphia	4½	....	4	4	4	2½	....	....	....	....	....	....
Nov. 1, 1899	1364	New York	6½	....	5¾	6	6	3½	½	....	½	½	½	½
		Philadelphia	6	....	5¼	5½	5½	3	....	....	....	....	....	....
Mar. 8, 1900	1555	New York	5	....	4¼	4½	4½	3	½	....	¼	½	½	½
		Philadelphia	4½	....	4	4	4	2½	....	....	....	....	....	....
Nov. 27, 1900	S. 2-1555	New York	....	....	....	....	....	3¼	....	....	....	....	....	¼
		Philadelphia	....	....	....	....	....	3	....	....	....	....	....	....
Apr. 1, 1901	1891	New York	5	....	4¼	4½	4½	3½	½	....	¼	¼	¼	0
		Philadelphia	4½	....	4	4¼	4¼	3½	....	....	....	....	....	....
June 18, 1901	1948	New York	5	....	4¼	4½	4½	3¼	½	....	¼	¼	¼	¼
		Philadelphia	4½	....	4	4¼	4¼	3	....	....	....	....	....	....
Oct. 7, 1901	2028	New York	5	....	4¼	4½	4½	3½	½	....	¼	¼	¼	¼
		Philadelphia	4½	....	4	4¼	4¼	3¼	....	....	....	....	....	....
Apr. 25, 1902	2163	New York	5	....	4¼	4½	4½	3⅝	½	....	¼	¼	¼	⅛
		Philadelphia	4½	....	4	4¼	4¼	3½	....	....	....	....	....	....
Nov. 15, 1902	2416	New York	5½	....	4¾	5	5	3¾	½	....	¼	¼	¼	¼
		Philadelphia	5	....	4½	4¾	4¾	3½	....	....	....	....	....	....
Jan. 1, 1903	2490	New York	6	....	5¼	5½	5½	4	½	....	¼	¼	¼	....
		Philadelphia	5½	....	5	5¼	5¼	4	....	....	....	....	....	....
Apr. 1, 1903, to date	2594	New York	6	6½	5¼	5½	5½	4	½	½	¼	¼	¼	....
		Philadelphia	5½	6	5	5¼	5¼	4	....	....	....	....	....	....

TABLE NO. 11.

Statement showing rates on grain, ex-Lake, for export, from Buffalo, N. Y., to New York, N. Y., and Philadelphia, Pa.; also difference in rates.

[Rates in cents per bushel.]

GRAIN, EX-LAKE, FOR EXPORT.

DATES.	TARIFFS, I. C. C. Nos.	FROM BUFFALO, N. Y., TO—	RATES.						DIFFERENCE.					
			Wheat.	Flax-seed.	Barley.	Corn.	Rye.	Oats.	Wheat.	Flax-seed.	Barley.	Corn.	Rye.	Oats.
Mar. 18, 1897	435	New York	5	....	4¼	4¾	4¾	3½	1	....	½	1	1	½
		Philadelphia	4	....	3¾	3¾	3¾	3	....	....	....	....	....	....
Oct. 20, 1897	766	New York	5¾	....	5	5½	5½	4	1	....	½	1	1	½
		Philadelphia	4¾	....	4½	4½	4½	3½	....	....	....	....	....	....
Mar. 15, 1898	902	New York	5	....	4¼	4¾	4¾	3½	0	....	0	0	0	0
		Philadelphia	5	....	4¼	4¾	4¾	3½	....	....	....	....	....	....
Nov. 1, 1899	1364	New York	6½	....	5¾	6	6	3½	½	....	½	½	½	½
		Philadelphia	6	....	5¼	5½	5½	3	....	....	....	....	....	....

TABLE No. 12.

Statement showing rates on grain, ex-Lake, for export, from Erie, Pa., to Philadelphia and New York; also difference in rates.

[Rates in cents per bushel.]

GRAIN, EX-LAKE, FOR EXPORT.

DATES.	I. C. C. Nos. TARIFFS.	FROM ERIE, PA, TO—	RATES.						DIFFERENCE.					
			Wheat.	Flax-seed.	Barley.	Corn.	Rye.	Oats.	Wheat.	Flax-seed.	Barley.	Corn.	Rye.	Oats.
Mar. 15, 1897	1	New York	5	5	4¼	4¾	4¾	3½	1	1	½	1	1	½
		Philadelphia	4	4	3¾	3¾	3¾	3	....	....	....	....	....	....
Oct. 20, 1897	21	New York	5¾	5¾	5	5½	5½	4	1	1	½	1	1	½
		Philadelphia	4¾	4¾	4½	4½	4½	3½	....	....	....	....	....	....
Mar. 15, 1898	23	New York	5	5	4¼	4¾	4¾	3½	....	....	....	....	....	....
		Philadelphia	5	5	4¼	4¾	4¾	3½	....	....	....	....	....	....
Sept. 17, 1903	117	New York	4	4	3.5	3.75	3.75	3	0.4	0.4	0.4	0.4	0.4	0.4
		Philadelphia	3.6	3.6	3.1	3.35	3.35	2.6	....	....	....	....	....	....
Nov. 16, 1903	118	New York	4.50	4.50	4	4.25	4.25	3.50	0.4	0.4	0.4	0.4	0.4	0.4
		Philadelphia	4.10	4.10	3.60	3.85	3.85	3.10	....	....	....	....	....	....

TABLE No. 13.

Statement showing rates on grain, ex-Lake, for domestic use, from Erie, Pa., to Philadelphia and Baltimore; also difference in rates.

[Rates in cents per bushel.]

GRAIN, EX-LAKE, FOR DOMESTIC USE.

DATES.	TARIFFS, File No.	TARIFFS, Road No.	FROM ERIE, PA, TO—	RATES. Wheat.	RATES. Flax-seed.	RATES. Barley.	RATES. Corn.	RATES. Rye.	RATES. Oats.	DIFFERENCE. Wheat.	DIFFERENCE. Flax-seed.	DIFFERENCE. Barley.	DIFFERENCE. Corn.	DIFFERENCE. Rye.	DIFFERENCE. Oats.
June 17, 1899	345	116	Philadelphia	5⅛	....	....	5	....	3¼	¼	....	....	¼	....	⅛
			Baltimore	4⅞	....	....	4¾	....	3⅛	....	....	....	....	....	....
Aug. 23, 1889	363	27	Philadelphia	5¼	....	....	4½	....	3¼	⅜	....	....	¼	....	¼
			Baltimore	4⅞	....	....	4¼	....	3	....	....	....	....	....	....
Oct. 7, 1889	367	31	Philadelphia	5¾	....	....	5	....	4	½	....	....	½	....	¼
			Baltimore	5¼	....	....	4½	....	3¾	....	....	....	....	....	....
June 5, 1890	395	16	Philadelphia	5	....	....	4½	....	3⅜	½	....	....	½	....	⅜
			Baltimore	4½	....	....	4	....	3	....	....	....	....	....	....
Mar. 19, 1891	408	2	Philadelphia	5	....	....	4¾	....	3¾	¼	....	....	¼	....	¼
			Baltimore	4¾	....	....	4½	....	3½	....	....	....	....	....	....
May 20, 1891	436	15	Philadelphia	4¼	4½	4	4	4	3⅞	¼	½	¼	¼	¼	⅛
			Baltimore	4	4	3¾	3¾	3¾	3¼	....	....	....	....	....	....

From June 12, 1891, to date no difference in rates.

IN THE MATTER OF DIFFERENTIAL FREIGHT RATES TO AND FROM NORTH ATLANTIC PORTS.

11 I. C. C. 13.

IN THE MATTER OF DIFFERENTIAL FREIGHT RATES TO AND FROM NORTH ATLANTIC PORTS.

Decided April 27, 1905.

(11 I. C. C. 13.)

Rates on freight articles from the West to Baltimore, Philadelphia and Boston are adjusted according to the following differentials below or above the rates to New York: Domestic traffic—3 cents less to Baltimore and 2 cents less to Philadelphia; 7 cents, first class, to 2 cents, sixth class, more to Boston. Export traffic—same as domestic traffic to Baltimore and Philadelphia, except on grain and iron and steel articles, which are 1½ cents less to Baltimore and 1 cent less to Philadelphia; same rates to Boston as to New York on this traffic. On ex-lake grain received at Buffalo, Fairport and Erie, there is pending the disposition of this case, a differential in favor of Baltimore of 4-10 of a cent per bushel below the rate to New York, but no differential in favor of Philadelphia. It was contended by New York and Boston that the differentials favoring Baltimore and Philadelphia should be abolished. Upon voluntary submission of the controversy to the Commission by all parties, domestic traffic was excluded from consideration. For reasons stated no opinion is expressed concerning the relative rates on import traffic. With respect to export differentials,—

Held: 1. That the differential per 100 pounds on flour, all-rail and lake and rail, should be reduced to 2 cents at Baltimore and 1 cent at Philadelphia.

2. That the existing differential on ex-lake grain should be reduced to 3-10 of a cent per bushel and be allowed both to Baltimore and Philadelphia.

3. That otherwise the present export differentials should remain in force.

John G. Carlisle, *Ben. L. Fairchild* and *Abel E. Blackmar* for New York Commercial Interests.

C. S. Hamlin for Boston Commercial Interests.

Silas W. Pettit for Philadelphia Commercial Interests.

[14] *Arthur Geo. Brown* and *John B. Daish* for Baltimore Commercial Interests.

Nathan Guilford for N. Y. C. & H. R. R. R. Co.

Geo. V. Massey, *Francis I. Gowen* and *John B. Thayer, Jr.*, for P. R. R. Co.

Hugh L. Bond and *John G. Wilson* for B. & O. R. R. Co.

J. D. Campbell and *Chas. Heebner* for P. & R. Ry. Co.

Geo. F. Brownell for Erie R. R. Co.

Walter W. Ross and *B. D. Caldwell* for D., L. & W. R. R. Co.

F. H. Janvier and *Frank H. Platt* for L. V. R. R. Co.

John B. Kerr for N. Y., O. & W. Ry. Co.

R. W. DeForest for C. R. R. of N. J.

E. L. Somers for N. Y., N. H. & H. R. R. Co.

Edgar J. Rich for B. & M. R. R.

C. A. Hight for G. T. Ry. System.

G. M. Bosworth for C. P. Ry. Co.

REPORT OF THE COMMISSION.

PROUTY, *Commissioner:*

In the early part of 1904 the rate on wheat from Buffalo to the various Atlantic ports for export had fallen to two mills per bushel. This was owing to the existence of a rate war between the lines leading from Buffalo to Baltimore, Philadelphia, New York and Boston, growing out of a dispute between those lines as to the proper relative rates to those various ports. There was very little wheat at Buffalo which could move under these rates and the practical effect of the tariff during the winter and early spring was not serious, but, as the opening of navigation approached, it became evident that this condition, if it continued, would lead to a general demoralization of grain rates in all parts of the country, which would in turn unsettle commercial and industrial conditions so far as they related to the handling of grain, and especially to the manufacture and distribution of the products of grain. For this reason business interests both upon the seaboard and at interior grain handling and milling points were anxious that some adjustment should be reached, and to this end the commercial organizations of Boston, New York, [15] Philadelphia and Baltimore applied by petition to this Commission, asking that it examine the whole subject of differential rates to and from these four cities and determine whether the present differentials should be abolished, or, if retained, modified.

It seemed to us that the gravity of the situation at least justified a full investigation. A proceeding of inquiry was accordingly instituted April 11, 1904, and hearings were held at New York, Philadelphia and Washington. The commercial interests of these cities, together with those of Boston, assumed the burden of conducting the proceedings, but many organizations at various interior points were represented, as well as all of the railway lines involved. Nearly three thousand pages of typewritten testimony have been taken, a great number and variety of exhibits have been introduced, and extended written and oral arguments have been made. We are now required to examine this record with a view to expressing some opinion in the premises.

The order of the Commission was sufficiently broad to include the application of these differentials to all kinds of traffic to and from the several ports, but by agreement at the opening of the first hearing the inquiry has been limited entirely to export and import traffic. The question presented is not a new one and perhaps there is no way in which the exact nature of that question can be better understood than by a brief résumé of what has already occurred.

The development of our agricultural resources in the West has for many years produced a large surplus of grain over that required for domestic consumption and this grain has sought a market in European countries. In the early 70's most of the commerce between the United States and Europe was through the four ports involved in this proceeding, more especially through New York. The New York Central lines reached Chicago in 1852; the Erie and Pennsylvania soon afterwards, and, in 1874 the Baltimore & Ohio first entered Chicago over its own rails. This grain could be transported through any one of the four ports and the port of export determined the rail line which should carry it to the seaboard. The Erie and New York Cen- [16]
tral served New York primarily; the Pennsylvania, Philadelphia, and the Baltimore & Ohio the port of Baltimore.

Mr. Fink states in his report, which is subsequently referred to, that in 1881 seventy-three per cent. of the entire tonnage carried by these lines of railway from the West to these four cities was grain, and this percentage must have been even larger ten years before. The distribution of that traffic between the different lines was, therefore, a matter of the greatest consequence to these railways and seems to have been from the first a source of bitter controversy. The Baltimore & Ohio insisted that the distance to Baltimore was much less than to New York and that for this reason the rate should be lower. It also seems to have been true, in those days, that the ocean rate from Baltimore and Philadelphia was much higher and the ocean facilities much poorer than from New York. To obtain, therefore, a part of this traffic it was essential that the inland rate should be lower to Baltimore and Philadelphia than to New York.

The first differential of which we have any accurate account was ten cents per one hundred pounds, but this seems to have been reduced as early as 1870 to five cents per hundred on grain. The New York lines insisted that even this was too great and finally, after numerous rate wars, an agreement was made in 1876 that rates to Baltimore, Philadelphia and New York should be established upon the basis of actual distance from the point of origin to the several ports. This agreement continued in effect only six weeks, the New York lines withdrawing at the end of that period upon the ground that the rates so established were unduly favorable to Baltimore and Philadelphia.

Another period of rate disturbance now ensued which was terminated by an agreement dated April 5, 1877. This agreement was in writing and was signed by the New York Central, the Erie, the Pennsylvania and the Baltimore & Ohio. Considerable discussion has arisen in the course of this investigation as to the proper mode of es-

tablishing these differentials. The New York and Boston interests contend that the inland rate should be so adjusted that when combined with the ocean rate the through rate from the point of origin to the point of destination will be the same through all the ports, while Baltimore and Philadel- [17] phia insist that this method of rate adjustment would be unfair to those localities. As bearing upon this, the view which was taken of this matter in the earlier days of the controversy is interesting. The first paragraph of the agreement may be cited:

> "To avoid all future misunderstandings in respect to the geographical advantages or disadvantages of the cities of Baltimore, Philadelphia and New York, as affected by rail and ocean transportation, and with the view of effecting an equalization of the aggregate cost of rail and ocean transportation between all competitive points in the west, northwest, and southwest, and all domestic or foreign ports reached through the above cities; it is agreed:"

This agreement provided that export rates to Boston should be no higher than those to New York; that rates to Philadelphia should be two cents, and to Baltimore three cents per one hundred pounds lower than to New York upon all classes and commodities. The above extract shows that the purpose of the signatory parties was to produce the same through rate via all the ports and that these differentials were established upon the theory that they would produce this effect.

The agreement of 1877 provided that any one of the parties might withdraw by giving three months' notice, and in the year 1880 this notice was given by the New York Central. A period of disturbance again ensued and the matter seems to have been referred for solution to Albert Fink, Commissioner of the trunk lines, who made an elaborate report. This report of Mr. Fink's is a most luminous discussion of the entire subject and must be a classic to every one interested in this problem. His conclusion was that there should be a lower inland rate to Baltimore and Philadelphia than to New York, but that it was impossible to say with any certainty what the differentials ought to be or what their effect upon properly competitive traffic was. He recommended that the lines seek to divide this traffic at its source rather than attempt to control it by differential rates.

The report of Mr. Fink (*ante*, p. 5) does not seem to have settled the controversy and in the spring of 1882 the whole subject was referred [18] to the arbitration of Senator Thurman, ex-Senator Washburne and Judge Cooley. This board, known as the Advisory Com-

mission, organized soon after its appointment and proceeded to hear statements and arguments at the various ports and also at different inland points. Its report (*ante*, p. 69), made July 20, 1882, stated that distance could not be relied upon to determine these differentials, nor could cost of service be made the test. The opinion was expressed that some differential must be accorded Baltimore and Philadelphia and that the proper measure of that differential was the actual result of competition. Since competition, acting through several years, had brought about the differentials then in force the Commission recommended that they should be observed for the present.

The agreement of 1877 had been intended, as already seen, to equalize the rates through the different ports, the lower inland rate being supposed to correspond to the higher ocean rate. The New York lines withdrew from this agreement upon the plea that while ocean rates had been distinctly higher from Baltimore and Philadelphia in 1877, they had become in 1880 practically the same.

Both Mr. Fink and the Advisory Commission found that ocean rates were higher from Baltimore and Philadelphia than from New York and attached much importance to this fact, but a careful reading of these reports apparently shows that in the opinion of their authors difference in ocean rates was not the only factor which should be considered, partly for the reason that it was impossible to determine exactly what the ocean rate was, and partly because the thing to be equalized was not the rate but the advantages of transportation through the several ports.

The various differentials in effect at the time of the award of the Advisory Commission have for the most part continued down to the present day and we may conveniently state at this point what these are.

As already said, rates upon export traffic through the port of Boston have always been and now are the same as those through the port of New York. Domestic rates have been and are higher to Boston than to New York. In 1882 these differentials on [19] domestic traffic to Boston were, in cents per hundred pounds, upon the various classes:

Classes	1	2	3	4	5	6
Differentials	10	6	5	5	5	5

In 1892 complaint was made to the Interstate Commerce Commission that these differentials were excessive. The Commission after hearing ordered them reduced, *Kemble v. Lake Shore & Michigan Southern Ry. Co.*, 5 I. C. C. Rep. 166, (*ante*, p. 137), and in August of that year the following differentials were established and are now in effect:

Classes	1	2	3	4	5	6
Differentials	7	6	5	4	3	2

Commodity rates are in general two cents above the corresponding rate to New York.

Both export and domestic rates were in 1882 on all classes and commodities two cents per one hundred pounds lower to Philadelphia and three cents per one hundred pounds lower to Baltimore than to New York. These differentials continued in effect from 1882 down to 1897 without any formal attempt to alter them. While the rates themselves were not generally maintained and while the differentials were not always recognized, they stood upon the published tariff. In 1897 the New York Produce Exchange filed with the Interstate Commerce Commission a petition against the Baltimore & Ohio Railroad Company, and other lines, alleging that the effect of these differentials was an undue discrimination against the locality of New York. The complaint was investigated at great length and elaborately discussed by the Commission in its report. The conclusion arrived at was that while the differentials might be unfair as between the different railway lines interested or, possibly, as between the communities themselves, they were not in principle a violation of the Act to Regulate commerce and had not resulted in such an effect upon the movement of traffic as would justify the Commission in pronouncing them an undue preference against the port [20] of New York. This case is reported in 7 I. C. C. Rep. 612 (*ante*, p. 157), and may be referred to for a fuller discussion of the questions involved than will be attempted in this connection.

The differentials in effect in 1898, when the report in the above case was promulgated, were the same that they had been in 1882, but in February, 1899, differentials on export grain were reduced one-half, and in 1904 export rates on iron and steel articles were materially reduced to stimulate foreign consumption of our surplus production, and in that connection the differentials on this traffic were also cut in two. Domestic differentials on grain and iron articles were not affected and are still two cents at Philadelphia and three cents at Baltimore.

Upon westbound traffic the same differentials have been in effect since tariffs were first filed with the Commission in 1887. Rates are in cents per one hundred pounds less from Philadelphia and Baltimore than from New York, as follows:

Classes	1	2	3	4	5	6
From Philadelphia	6	6	2	2	2	2
From Baltimore	8	8	3	3	3	3

From Boston, westbound, rates are the same as from New York.

The main controversy before us is over the eastbound differentials upon export traffic. Baltimore and Philadelphia insist that they are entitled to these differentials on the score of location. They urge that

they are nearer the points of origin of this traffic than is New York and that for this reason they should have a lower inland rate.

The territory to which these differentials apply is bounded on the East by a line from Buffalo to Pittsburgh; on the South by the Ohio River; on the West by the Mississippi River, and on the North by the Great Lakes and a line running from Chicago nearly due west to Dubuque, Iowa. In making rates between points in this territory and the cities in question Chicago is treated as a base. Other points take either the same rate as Chicago or one which is a certain per cent. above or below. Thus the rate from Indianapolis is 93 per cent. and from East St. Louis 116 per cent. of the Chicago rate. The Pennsylvania Railroad is the short [21] line from Chicago to New York, Philadelphia and Baltimore, the distances by that line being as follows:

To New York	912 miles.
To Philadelphia	822 miles.
To Baltimore	801 miles.

It is plain, however, that this traffic does not all originate at Chicago; indeed, comparatively little of it actually originates there although large quantities pass through Chicago and Chicago junctions. It does not, therefore, necessarily follow that Chicago would be a fairly representative point in estimating the distance from points of origin to the seaboard. Wherever the Pennsylvania road is the short line to New York the distance to Philadelphia must be ninety miles less, since in all cases the traffic passes through Philadelphia by that line en route to New York. In most cases where the Pennsylvania is the short line to New York it is also the short line to Baltimore. These differentials apply not only to traffic originating within the territory above described, but to all traffic passing through that territory on its way to the seaboard. When the location of these different lines of railway is examined we think it must be found that while considerable of this traffic may originate as near to New York as to Philadelphia or Boston, in case of much of it the difference in distance is even greater, especially in favor of Baltimore, than would be expressed by the relative distances from Chicago and it is sufficiently favorable to the port of New York to find that Chicago is fairly representative in this respect of the various points of origin.

Whether these differences in distance would justify a difference in rate of two cents in favor of Philadelphia and of three cents in favor of Baltimore, if the rates were determined without reference to competitive export conditions, is not altogether clear. Such differences would naturally be greater upon the higher classes which bear higher rates and less upon the lower classes. Baltimore introduced testimony

tending to show that on the basis of distance the present rates did not give that locality anything like the advantage to which it was entitled. It must be remembered, however, that rates do not ordinarily increase in [22] the same proportion as distance increases. If the distance from Chicago to Baltimore is 12.2 per cent. less than to New York, it by no means follows that the rate to Baltimore should be lower by the same per cent. Without attempting to examine this question in detail, we are rather of the opinion that the differentials now prevailing on domestic traffic are not greater than they should be if made to Baltimore and Philadelphia as strictly local destinations. Westbound differentials from Baltimore and Philadelphia are the same on the lower classes, and somewhat more on the higher classes than these eastbound differentials.

It must be evident that distance is properly regarded as a factor in rate-making, mainly because it is supposed to express difference in the cost of service. Other things being equal it costs more to haul traffic 1,000 miles than 900, and therefore a higher rate may be properly imposed. Manifestly, however, this is not always the case. The grades by the New York Central lines between Chicago and New York are easier than those by the Pennsylvania and it is quite conceivable that the actual cost of transportation over the longer haul might be less than over the shorter, and in that event New York, while more distant in geographical miles, might be nearer in transportation facilities. Nothing of all that need be considered by us. There is no testimony in this record which attempts to show the relative cost of handling this traffic from Chicago to the different ports and, indeed, as said by the Advisory Commission in 1882, the elements which enter into the determination of that question are so complex and so various as to render it impossible of satisfactory solution.

There is, however, one element of cost which was somewhat insisted upon, viz., the lighterage charges at the port of New York. Export traffic, which need alone be considered in this connection, is usually lightered to the ship's side in New York harbor. Grain, for example, is unloaded from the car into an elevator, from the elevator transferred to a barge, which is then towed to the ship's side and the grain transferred into the hold of the vessel by a floating elevator. At Baltimore, Philadelphia and Boston, the grain is usually loaded directly from the elevator into [23] the vessel, thereby avoiding the expense of lighterage. The New York rate includes a delivery at the ship's side; the rate to the other ports includes a delivery ordinarily into the elevator. The railroad terminating at New York is therefore compelled to bear the expense of this additional service. Just how much that expense

may be does not appear. An allowance of three cents per hundred pounds on all traffic is made to lines terminating at New York on account of lighterage, but it is doubtful whether the expense of lightering grain and other low grade traffic equals that amount.

As already said, the contest in this case is over export and import traffic. The differential is important because it tends to send this traffic through a particular port, and therefore over a particular line of railway. Since the thing in which the exporter or importer is interested is not simply the rail rate to or from the inland port, but the entire through rate, it becomes necessary to examine the ocean as well as the inland portion of this transportation.

As previously noted the agreement of 1877 was with a view of equalizing the entire through rate by all the ports. It was apparently believed at that time that ocean rates from Baltimore and Philadelphia were distinctly higher than from New York, and the inland rate was made correspondingly lower. In 1880 the New York lines withdrew from this agreement, for the alleged reason, as stated above, that this difference in ocean rates no longer existed. Both the Thurman award and the report of Mr. Fink, find, however, that there still were substantial differences in that respect. New York insists to-day that these differences have entirely disappeared. We are asked to say that ocean rates from Baltimore and Philadelphia are practically the same as from New York and to conclude that, therefore, inland rates to the several ports should also be made equal.

The most superficial consideration of the subject must show the impossibility of determining exactly the rates by water from these ports to foreign destinations. An ocean rate is much more subject to fluctuation than a rail rate would be even if the Act to Regulate Commerce did not require the publication and maintenance of the latter. When a ship which is to sail upon a par- [24] ticular day finds as the time of departure approaches that its cargo is liable to run short, it will accept almost any price for the sake of obtaining a full load. Upon the other hand, if offerings of freight are plenty, it may exact a higher price than it quoted at an earlier period. Hence, it often results, indeed, usually results, that the same ship carries the same commodity at different rates. It also results that ocean rates vary from day to day and even from hour to hour. They are higher from Philadelphia to-day and from New York to-morrow. Nor do the rates actually charged correspond with those quoted. It is, therefore, impossible to find with any degree of confidence what the rates from these different ports have been. Mr. Fink states in his report that for the four years from 1877 to 1880, inclusive, rates to Liverpool had been .98

of one cent per hundred higher at Philadelphia and 1.90 cents higher at Baltimore than at New York. The Advisory Commission found that ocean rates were higher from Baltimore and Philadelphia than from New York by an amount approximating the differentials. When this Commission examined the subject in 1897 large quantities of grain were exported in cargo lots; that is, by vessels carrying no cargo except grain. This business is apparently no longer done to any extent through any of the ports. We found that cargo rates were the same from all the ports; that berth rates were lower at Boston than at New York by an average of perhaps 1 cent per 100 pounds, and that they were higher at Philadelphia and Baltimore than at New York from 1½ to 2 cents per hundred pounds.

A good deal of testimony has been introduced upon this inquiry bearing upon the relative ocean rates from these four points since 1897. This testimony shows that such rates are often lower through the outports than through New York and that the reverse is often the case. No sufficient reasons appear why the difference in ocean rates should have been less for the seven years following 1897 than it had been for the seven years preceding, and still the testimony now before us apparently shows that the difference is less to-day than has been found in former investigations. Boston no longer seems to enjoy quite the same advantages as formerly and rates from Philadelphia and Baltimore seem to more nearly equal those from New York. We **[25]** are satisfied that the difference is materially less in case of low-class traffic, which is mainly competitive, than the amount of the differentials, and that is about all that can be averred with certainty.

New York and Boston claim that the inland rail differential has been in the past responsible for any difference that may have existed in ocean rates and that if this differential were abolished there would be no difference. In support of this they give evidence touching what is known as the "Minimum Freight Agreement."

In the fall of 1901 it had become evident, in view of the close of the war in South Africa and the prospect of reduced exports from the United States, that a large amount of unemployed tonnage would be thrown upon the market. For the purpose of preventing the consequent demoralization in ocean rates which was feared the owners of steamship lines plying between ports in the United States and Canada, upon the one hand, and Great Britain and Ireland upon the other, fixed a minimum rate at which certain commodities should be transported. This agreement was made and executed in London. It applied, to grain, cotton seed oil and cake, flour in sacks, and bacon and hams.

The minimum rates named on these commodities were the same from all the ports. Since they could be transported to Baltimore and Philadelphia for three and two cents, respectively, less than to New York, the result of the Minimum Freight Agreement in its first form was to make a total through rate via Baltimore and Philadelphia less than via New York and Boston by the amount of the inland differentials. The effect of this was to divert traffic from the two latter ports, and so pronounced was this diversion that steamship agents in the United States representing lines principally interested in Boston and New York protested against its continuance. After investigation and conference the agreement was so modified, taking effect May 26, 1902, that ocean rates from the differential ports were made higher than from New York and Boston by the amount of the inland differential. The effect of this modification was to make the rates through all the ports from points of origin to destination exactly the same.

[26] This agreement provided that parties to it might withdraw a portion or all of their traffic from its operation upon notice, and almost immediately following May 26, lines operating through the differential ports began to give notice of such withdrawal. On June 12, the Johnson Line withdrew tobacco when originating in Virginia and North Carolina; on July 16, certain Canadian traffic through the port of Montreal was withdrawn; on July 30, tobacco, compound lard and the products of cotton seed oil were excepted. On July 9, the Johnson Line, operating to the port of Baltimore, gave notice that it would revert to the original agreement, by which rates were to be the same from all ports, for the alleged reason that under the existing arrangement it could obtain no traffic at Baltimore.

It is not material to continue in detail our examination of the operation of this agreement. Glucose, grape sugar, tobacco, lumber and some other grain products in addition to flour, seem to have been added to those originally embraced. Special differentials through the different ports were agreed upon from time to time upon almost all commodities. For no considerable length of time was it true that ocean rates from all the ports were the same nor that through rates by all the ports were the same. As a rule, ocean rates were higher from the out-ports than from New York, but not to the full extent of the differential. The Johnson Line appears to have reconsidered its withdrawal from the agreement upon being conceded a differential of 1½ cents at Baltimore and 1 cent at Philadelphia upon flour, oatmeal, cotton seed oil, cotton seed cake and linseed meal. This was accomplished by allowing the lines from Baltimore to make a rate 1½ cents and from Philadelphia 1 cent above those from New York, thus producing a

through rate via Baltimore 1½ cents lower, and via Philadelphia 1 cent lower than via New York.

Considerable testimony was introduced as to the effect of this agreement on bookings of traffic, but while we have examined those tables with care they do not apparently disclose any well settled fact which justifies a finding or renders it necessary for us to refer to them in detail. The operation of this freight agreement pretty clearly demonstrated two things.

[27] First: That a through rate via the ports of Philadelphia and Baltimore less than that via New York by the full amount of the differentials would unduly and unnaturally divert traffic from the port of New York.

Second: That the maintenance of equal rates through all the ports would divert traffic to New York to a much greater extent than it at present moves through that port. It must be true, as claimed by New York, that the inland differential modifies the ocean rate but not to the full amount of the differential.

New York offers facilities in the way of ocean transportation not obtainable at any other port. There are more sailings from New York than from the out-ports, and its steamship lines reach many foreign ports which are not served by lines from Baltimore, Philadelphia or Boston. Its steamships are faster and larger. The enormous passenger business through the port of New York, of itself, goes far towards the maintenance of many of these lines. Cargoes of import traffic are much more easily loaded for New York than for the out-ports. The banking facilities at the port of New York are superior to those elsewhere.

Below is a table showing the number of vessels, together with their tonnage, which entered and cleared at the four ports during the year 1903:

	Number Entered.	Tonnage.	Number. Cleared.	Tonnage.
New York	3,852	9,053,096	3,680	8,847,072
Boston	1,787	2,978,913	1,515	2,217,543
Philadelphia	1,123	1,993,422	1,021	1,861,423
Baltimore	790	1,406,529	715	1,338,888

New York also has storage capacity for grain and flour which is much greater than at the other ports. The elevator capacity of the four ports in bushels was given as follows:

New York	15,730,000
Boston	4,250,000
Philadelphia	4,300,000
Baltimore	5,350,000

These superior facilities attract, first the higher classes of freight which move very largely through the port of New York, [28] but after all this has been provided for there still remains room available for low class freight at low prices, depending always upon the supply. Broadly speaking the shipper can secure a better, more reliable, quicker and more frequent service through the port of New York, all of which tends to attract traffic to that port at the expense of Baltimore and Philadelphia when the through rate is the same. To some extent this is true of Boston, although the ocean service from that port is better than from either Philadelphia or Baltimore.

Of these four ports the distance by water to the principal foreign destinations is the shortest from Boston; the longest from Baltimore and Philadelphia. The actual difference in time occupied is from one to two days. For this reason it is contended that the cost of service from these two ports is greater than from Boston and New York and that ships will not frequent them at equal rates.

It is undoubtedly true that the time occupied from these southern ports is longer and consequently that the actual expense of propelling the ship is greater. This item is not, however, very considerable and is to a great extent, if not wholly, offset at the port of New York by higher port charges and increased cost of labor. We saw in the former case that cargo rates were exactly the same from New York, Philadelphia and Baltimore and from this it would appear that the additional cost cannot be much greater in case of the southern ports. But the advantage in obtaining cargoes is so much greater at New York and especially the possibility of finding cargoes abroad for New York is so much better that at equal rates regular line steamers prefer the port of New York to Baltimore or Philadelphia, although a tramp vessel, interested only in that voyage, makes either port at the same price.

New York undertook to show that these differentials in fact diverted traffic from that port, placing this both upon evidence of specific instances of diversion and upon an examination of the relative amount of export traffic which now passes through these several ports as compared with former years.

Grain is seldom exported upon a through bill of lading. It is brought to the seaboard upon the regular published export [29] rate, the owner of the grain making his own engagement for ocean carriage either before or after the arrival of the grain itself at the port of export. With most other kinds of traffic this is different. A prospective shipper applies to the agent of a railroad company for a through rate from the interior point to the foreign destination. The inland rate, applicable to the movement of that traffic, is published by the carrier

and therefore fixed. This agent now ascertains the ocean rate by communicating with steamship agents representing the various ports. Having learned from what port the lowest ocean rate can be obtained, he adds together this ocean rate and the inland rate to that port and thereby ascertains for his customer the through rate. Since ocean rates are continually varying at the ports, this through rate must sometimes be higher through one port and sometimes through another. New York introduced the agents of various New York lines, like the Erie, the Delaware, Lackawanna & Western, and the New York Central, who testified that while they were anxious to send business through New York, since their lines would in that case obtain the entire haul to that point, they were compelled in many instances, indeed for the periods referred to in the majority of instances, to bill those shipments through various out-ports for the reason that the rate through such ports was more favorable. Upon the other hand it was shown by Baltimore and Philadelphia that flouring mills, for example, located at those two ports, frequently shipped flour for export to the port of New York, and a representative of the Baldwin locomotive works presented a detailed statement showing that the greater part of the product of that company sold abroad was sent from Philadelphia to New York at the regular freight rate and there exported by New York lines.

It is manifest, as already suggested, that the rate from interior points must make sometimes through one port and sometimes through another. Single instances, or single months, are of uncertain value as determining the effect of these differentials. It should be noticed that for still another reason it is unsafe to compare one year with another even when an entire year is taken. While much of this traffic is strictly competitive, much of it is non-competitive, especially grain and grain prod- [30] ucts. Certain sections of country are peculiarly tributary to certain railroads. If the grain crop fails in that section tributary to the Baltimore & Ohio, the exports of grain from the port of Baltimore will fall off. So too, the amount of grain or flour exported through the port of New York might depend largely upon the offerings of other traffic, since it is only when these offerings have been exhausted that ships from that port will take grain at sufficiently low rates to obtain it. From all these considerations it results that the effect of this differential upon the movement of traffic can only be approximately determined by comparing periods of considerable extent.

For the purpose of showing the effect of these differentials upon the movement of export traffic a great mass of statistical information was introduced. We have carefully examined these statistics and have endeavored to give them proper consideration, but they warrant no defi-

nite finding, nor does it seem worth while to encumber this report with any extended statement of them As indicating in a general way the movement of this traffic, the following tables may be referred to:

Table No. 1 shows the exports of wheat, corn and oats, in bushels, through the four ports, Boston, New York, Philadelphia and Baltimore, with percentages in each case to the total group, from 1878 to and including 1904.

TABLE NO. 1.

Year.	Boston.	Per Ct.	New York.	Per Ct.	Philadelphia.	Per Ct.	Baltimore.	Per Ct.	Totals.
1878.	....	....	53,510,363W	65.07	8,954,449W	10.89	19,766,074W	24.01	82,230,886
	....	....	26,118,892C	41.91	19,652,826C	31.54	16,543,812C	26.55	62,315,530
Totals, ...	10,502,388	6.77	79,629,255	51.36	28,607,275	18.45	36,309,886	23.43	155,045,804
1879.	....	....	60,541,234W	55.94	16,814,572W	15.53	30,869,104W	28.52	108,224,910
	....	....	34,357,057C	49.38	14,039,228C	20.18	21,155,422C	30.42	69,551,707
Totals, ...	11,057,454	5.85	94,898,291	50.25	30,853,800	16.34	52,024,526	27.55	188,834,071
1880.	11,263,798W	8.51	74,863,083W	56.56	11,312,590W	8.54	34,923,152W	26.38	132,362,623
	3,275,665C	4.74	34,646,089C	50.13	16,579,645C	23.99	14,604,364C	21.13	69,105,763
Totals, ...	14,539,463	7.22	109,509,172	54.35	27,892,235	13.84	49,527,516	24.58	201,468,386
1881.	3,162,540W	4.52	38,366,185W	54.91	8,892,260W	12.72	19,453,676W	27.84	69,874,661
	8,006,095C	14.89	27,554,077C	51.26	6,099,434C	11.34	12,097,376C	22.50	53,756,982
Totals, ...	11,168,635	9.03	65,920,262	53.32	14,991,694	12.12	31,551,052	25.52	123,631,643
1882.	2,843,493W	4.54	36,670,191W	58.58	5,852,951W	9.35	17,233,469W	27.53	62,600,104
	2,174,320C	19.12	7,253,895C	63.79	808,599C	7.10	1,132,407C	9.96	11,369,221
Totals, ...	5,017,813	6.78	43,924,086	59.38	6,661,550	9.01	18,365,876	24.83	73,969,325
1883.	1,989,748W	4.79	20,046,291W	48.22	4,096,297W	9.85	15,434,689W	37.13	41,567,025
	4,555,009C	10.59	22,849,520C	53.14	5,304,943C	12.34	10,285,875C	23.92	42,995,347
Totals	6,544,757	7.74	42,895,811	50.72	9,401,240	11.11	25,720,564	30.41	84,562,372

TABLE NO. 1—*Continued.*

Year.	Boston.	Per Ct.	New York.	Per Ct.	Philadelphia.	Per Ct.	Baltimore.	Per Ct.	Totals.
1884.	1,639,598W	3.26	26,767,296W	53.32	5,566,173W	11.09	16,217,600W	32.31	50,190,667
	4,156,483C	20.44	9,492,200C	46.67	1,744,252C	8.57	4,943,010C	24.31	20,335,945
Totals	5,796,081	8.21	36,259,496	51.41	7,310,425	10.36	21,160,610	30.00	70,526,612
1885.	1,680,022W	6.24	17,111,294W	63.60	3,532,192W	13.13	4,581,261W	17.03	26,904,769
	3,778,823C	7.41	27,214,189C	53.39	5,929,244C	11.63	14,048,287C	27.56	50,970,543
Totals	5,458,845	7.01	44,325,483	56.92	9,461,436	12.15	18,629,548	23.92	77,875,312
1886.	2,376,298W	4.65	32,090,610W	62.89	6,079,146W	11.91	10,475,395W	20.53	51,021,449
	3,025,673C	7.75	20,996,705C	53.81	1,857,353C	4.76	13,138,229C	33.67	39,017,960
Totals	5,401,971	6.00	53,087,315	58.96	7,936,499	8.81	23,613,624	26.23	90,039,409
1887.	3,983,925W	6.06	41,886,049W	63.75	8,774,174W	13.35	11,057,290W	16.83	65,701,438
	2,313,958C	9.74	12,306,272C	51.85	1,996,583C	8.41	7,115,814C	29.98	23,732,627
Totals	6,297,883	7.04	54,192,321	60.59	10,770,757	12.04	18,173,104	20.32	89,434,065
1888.	1,210,666W	6.42	12,609,242W	66.88	949,844W	5.03	4,082,508W	21.65	18,852,260
	3,245,820C	14.69	14,236,181C	64.46	859,371C	3.89	3,741,914C	16.94	22,083,286
Totals	4,456,486	10.88	26,845,423	65.58	1,809,215	4.42	7,824,422	19.11	40,935,546
1889.	459,111W	2.74	10,784,303W	64.41	1,110,606W	6.63	4,389,790W	26.21	16,743,810
	7,135,933C	12.65	28,786,977C	51.05	3,640,316C	6.45	16,822,808C	29.83	56,386,034
Totals	7,595,044	10.38	39,571,280	54.11	4,750,922	6.49	21,212,598	29.01	73,129,844

TABLE NO. 1—*Continued.*

Year.	Boston.	Per Ct.	New York.	Per Ct.	Philadelphia.	Per Ct.	Baltimore.	Per Ct.	Totals.
1890.	525,287W	2.83	12,569,286W	67.88	617,876W	3.33	4,803,453W	25.91	18,515,902
	4,500,703C	6.89	24,600,147C	37.68	16,735,521C	25.63	19,447,144C	29.78	65,283,515
	515,878O	4.93	9,301,046O	89.04	12,587O	0.12	617,053O	5.90	10,446,564
Totals	5,541,868	5.87	46,470,479	49.31	17,365,984	18.42	24,867,650	26.38	94,245,981
1891.	2,787,125W	3.85	46,957,113W	64.98	6,840,503W	9.46	15,673,334W	21.69	72,258,075
	3,897,565C	16.56	13,180,393C	55.99	2,608,677C	11.08	3,852,911C	16.36	23,539,546
	35,406O	0.98	3,205,466O	90.25	309,857O	8.70	548O	....	3,551,277
Totals	6,720,096	6.76	63,342,972	63.75	9,759,037	9.82	19,526,793	19.65	99,348,898
1892.	7,501,903W	8.86	50,813,295W	60.03	9,762,594W	11.53	16,567,652W	19.57	84,645,444
	2,971,858C	4.85	18,786,801C	30.67	19,779,876C	32.29	19,707,257C	32.16	61,245,792
	73,745O	1.64	3,742,812O	84.37	446,478O	10.06	172,271O	3.88	4,435,306
Totals	10,547,506	7.02	73,342,908	48.79	29,988,948	19.95	36,447,180	24.24	150,326,542
1893.	5,275,276W	8.48	38,047,932W	61.18	5,723,510W	9.20	13,141,293W	21.13	62,188,011
	5,241,170C	18.05	12,802,039C	44.09	3,865,633C	13.31	7,122,350C	24.53	29,031,192
	3,651O	0.05	5,197,007O	77.75	103,400O	1.54	1,380,255O	20.64	6,684,313
Totals	10,520,097	10.74	56,046,978	57.24	9,692,543	9.90	21,643,898	22.11	97,903,516
1894.	5,812,828W	13.21	25,141,494W	57.16	4,487,496W	10.20	8,543,685W	19.42	43,985,503
	3,823,635C	15.00	11,406,711C	44.76	2,577,540C	10.11	7,676,862C	30.12	25,484,748
	2,350O	0.61	382,805O	99.34	169O	....	46O	....	385,370
Totals	9,638,813	13.80	36,931,010	52.88	7,065,205	10.11	16,220,593	23.22	69,855,621

TABLE NO. 1—*Continued.*

Year.	Boston.	Per Ct.	New York.	Per Ct.	Philadelphia.	Per Ct.	Baltimore.	Per Ct.	Totals.
1895.	7,380,391W	19.52	24,554,758W	64.99	1,885,598W	4.98	3,976,838W	10.52	37,797,585
	5,281,069C	13.98	19,693,471C	52.15	3,140,920C	8.32	9,645,758C	25.54	37,761,218
	1,520O	0.09	1,497,587O	88.47	59,420O	3.51	134,318O	7.93	1,692,845
Totals	12,662,980	16.39	45,745,816	59.21	5,085,938	6.58	13,756,914	17.81	77,251,648
1896.	9,781,250W	22.73	21,766,950W	50.57	4,902,181W	11.38	6,588,559W	15.31	43,038,940
	5,990,397C	10.09	18,861,794C	31.68	8,934,402C	15.06	25,602,693C	43.15	59,329,286
	1,919,677O	7.62	15,880,150O	63.12	438,824O	1.74	6,919,519O	27.50	25,158,170
Totals	17,691,324	13.82	56,448,894	44.26	14,275,407	11.19	39,110,771	36.67	127,526,396
1897.	12,143,204W	18.26	33,840,506W	50.90	5,202,416W	7.82	15,304,037W	23.02	66,490,163
	9,464,163C	8.54	33,202,496C	29.96	25,129,658C	22.67	43,048,008C	38.83	110,844,325
	5,471,275O	11.28	35,374,061O	72.91	2,402,781O	4.95	5,270,096O	10.86	48,518,213
Totals	27,078,642	11.99	102,417,063	45.35	32,734,855	14.49	63,622,141	28.17	225,852,701
1898.	13,021,229W	14.17	54,600,006W	59.43	5,706,466W	6.21	18,542,034W	20.19	91,869,735
	11,799,265C	9.36	39,376,615C	31.23	29,816,889C	23.65	45,096,477C	35.76	126,089,246
	8,720,931O	19.78	24,584,886O	55.76	5,923,422O	13.44	4,859,686O	11.02	44,088,925
Totals	33,541,425	12.80	118,561,507	45.25	41,446,777	15.81	68,498,197	26.14	262,047,906
1899.	12,931,292W	22.10	32,071,942W	54.82	3,956,290W	6.76	9,549,270W	16.32	58,508,794
	17,438,813C	13.04	40,151,755C	30.04	29,297,419C	21.92	46,786,127C	35.00	133,674,114
	5,241,677O	16.52	14,591,038O	46.00	7,880,766O	24.85	4,005,107O	12.63	31,718,588

TABLE NO. 1—*Continued.*

Year.	Boston.	Per Ct.	New York.	Per Ct.	Philadelphia.	Per Ct.	Baltimore.	Per Ct.	Totals.
Totals	35,611,782	15.91	86,814,735	38.77	41,134,475	18.37	60,340,504	26.95	223,901,496
1900.	11,925,415W	27.27	21,934,963W	50.15	5,342,215W	12.22	4,529,811W	10.36	43,732,404
	13,893,525C	10.56	43,645,963C	33.19	33,451,170C	25.43	40,535,023C	30.82	131,525,681
	4,518,168O	18.29	9,505,491O	38.48	6,703,246O	27.14	3,972,810O	16.09	24,699,715
Totals	30,337,108	15.17	75,086,417	37.55	45,496,631	22.75	49,037,644	24.53	199,957,800
1901.	20,084,378W	24.59	30,161,250W	36.93	11,466,402W	14.04	19,962,737W	24.44	81,674,767
	11,044,197C	14.81	23,162,850C	31.07	15,645,111C	20.98	24,711,790C	33.14	74,563,948
	3,979,084O	19.77	9,671,159O	48.05	2,824,121O	14.03	3,652,810O	18.15	20,127,174
Totals	35,107,659	19.91	62,995,259	35.72	29,935,634	16.97	48,327,337	27.40	176,365,889
1902.	15,307,351W	24.56	27,136,272W	43.53	10,434,434W	16.74	9,460,012W	15.17	62,338,069
	798,097C	7.36	3,124,482C	28.80	2,424,617C	22.35	4,501,555C	41.49	10,848,751
	514,741O	10.08	3,871,596O	75.79	584,756O	11.44	137,505O	2.69	5,108,598
Totals	16,620,189	21.23	34,132,350	43.59	13,443,807	17.17	14,099,072	18.01	78,295,418
1903.	6,738,533W	23.44	15,181,840W	52.82	3,451,763W	12.01	3,373,689W	11.73	28,745,825
	7,063,855C	12.15	21,985,816C	37.80	9,990,923C	17.18	19,113,566C	32.87	58,154,160
	185,542O	5.92	2,892,612O	92.26	....	....	56,951O	1.82	3,135,105
Totals	13,987,930	15.54	40,060,268	44.49	13,442,686	14.93	22,544,206	25.04	90,035,090
1904.	2,671,786W	56.29	1,750,628W	36.88	184,000W	3.88	140,262W	2.95	4,746,676
	4,296,095C	15.24	10,018,885C	35.54	6,164,925C	21.88	7,706,237C	27.34	28,186,142
	78,722O	3.88	1,875,272O	92.42	52,574O	2.59	22,560O	1.11	2,029,128
Totals	7,046,603	20.15	13,644,785	39.03	6,401,499	18.31	7,869,059	22.51	34,961,946

Table No. 2 shows the receipts of grain at New York via canal and rail yearly from 1878 to 1903, inclusive.

TABLE NO. 2.

Year.	Total during 12 months. Canal.	Total during 12 months. Rail.
1877	47,911,754	34,081,586
1878	63,663,049	63,960,486
1879	57,035,507	76,483,604
1880	69,345,829	71,901,088
1881	38,188,910	73,289,097
1882	32,148,345	53,672,968
1883	41,214,293	51,389,834
1884	37,924,524	48,086,975
1885	29,926,879	65,563,023
1886	43,995,885	59,200,235
1887	46,009,200	50,755,235
1888	34,020,600	40,515,050
1889	33,994,590	50,434,748
1890	30,185,400	63,938,068
1891	31,696,694	96,194,173
1892	26,780,675	105,111,076
1893	43,835,800	61,802,966
1894	43,031,800	42,535,695
1895	14,690,100	72,778,335
1896	32,250,050	88,227,725
1897	21,892,361	132,524,575
1898	19,407,100	141,623,160
1899	16,955,900	127,106,575
1900	11,546,507	108,331,325
1901	14,427,100	87,922,480
1902	11,900,350	69,270,959
1903	12,900,100	74,762,884

Table No. 3 shows the exports of wheat, corn and oats from the ports of Montreal, Portland, Boston, New York, Philadelphia, Baltimore, Norfolk, Newport News, New Orleans and Galveston, from 1878 to 1904, inclusive, with percentages from each port.

TABLE NO. 3.

YEAR.	MONTREAL.		PORTLAND.		BOSTON.		NEW YORK.		PHILADEL'IA.	
1878	....	....	....	....	....	....	53,510,363W	....	8,954,449W	....
"	....	....	....	....	....	....	26,118,892C	....	19,652,826C	....
Total Exports	10,509,509	6.0	1,628,393	.9	10,502,388	6.0	79,629,255	45.6	28,607,275	16.5
1879	....	....	....	....	....	....	60,541,234W	....	16,814,572W	....
"	....	....	....	....	....	....	34,357,057C	....	14,039,228C	....
Total Exports	22,700,000	10.3	963,891	.5	11,057,454	5.0	94,898,291	43.3	30,853,800	14.1
1880	8,221,895W	5.6	1,041,375W	.9	11,263,798W	7.0	74,863,083W	50.5	11,312,590W	7.7
"	7,065,745C	8.2	1,329,811C	1.5	3,275,665C	3.8	34,646,089C	40.0	16,579,644C	19.1
Total Exports	15,287,640	6.5	2,371,186	1.0	14,539,463	6.3	109,509,172	46.8	27,892,234	11.9
1881	5,590,984W	6.9	975,294W	1.3	3,162,540W	3.9	38,366,185W	47.4	8,892,260W	10.9
"	3,209,968C	4.9	232,898C	.4	8,006,095C	12.3	27,554,077C	42.3	6,099,434C	9.4
Total Exports	8,800,952	6.2	1,208,283	.8	11,168,635	7.6	65,920,262	45.1	14,991,694	10.4
1882	5,797,155W	7.8	801,612W	1.0	2,843,493W	3.8	36,670,191W	49.6	5,852,951W	7.9
"	516,230C	4.3	11,948C	....	2,174,320C	17.1	7,253,895C	60.4	808,599C	6.7
Total Exports	6,313,385	7.3	813,560	.9	5,017,813	5.8	43,924,086	51.1	6,661,550	7.7
1883	3,518,127W	7.1	1,347,067W	2.7	1,989,748W	4.0	20,046,291W	40.7	4,096,297W	8.3
"	4,122,182C	7.1	296,670C	.5	4,555,009C	8.0	22,849,520C	39.6	5,304,943C	9.2
Total Exports	7,640,309	7.2	1,643,737	1.6	6,544,757	6.1	42,895,811	40.1	9,401,240	8.8
1884	3,426,885W	6.1	263,161W	.5	1,639,598W	2.9	26,767,296W	48.0	5,566,173W	10.0
"	2,036,050C	7.4	1,283,600C	4.7	4,156,483C	15.1	9,492,200C	34.0	1,744,252C	6.4
Total Exports	5,462,935	6.5	1,536,761	1.8	5,796,081	7.0	36,256,496	43.5	7,310,425	8.8
1885	3,372,160W	10.5	854,538W	2.7	1,680,022W	5.3	17,111,294W	53.4	3,532,192W	11.0
"	1,945,898C	3.2	458,581C	.7	3,778,823C	6.2	27,214,189C	44.4	5,929,244C	9.7
Total Exports	5,318,058	5.7	1,313,119	1.4	5,458,845	5.8	44,325,483	47.5	9,461,436	10.1
1886	5,885,662W	9.8	960,882W	1.6	2,376,298W	3.9	32,090,610W	53.0	6,079,146W	10.0
"	3,910,209C	7.3	411,555C	.8	3,025,673C	5.7	20,996,705C	39.4	1,857,353C	3.5
Total Exports	9,795,871	8.6	1,372,437	1.2	5,401,971	4.7	53,087,315	46.7	7,936,499	7.0
1887	7,434,716W	9.2	1,333,456W	1.7	3,983,925W	5.0	41,886,049W	52.1	8,774,174W	10.9
"	1,263,108C	3.8	 C	....	2,313,958C	7.0	12,396,272C	37.3	1,996,583C	6.1
Total Exports	8,697,824	7.7	1,333,456	1.2	6,297,883	5.5	54,192,321	47.8	10,770,757	9.5
1888	2,157,548W	9.6	176,160W	.8	1,210,666W	5.3	12,609,242W	56.0	949,844W	4.2
"	2,660,003C	8.8	 C	....	3,245,820C	10.7	14,236,181C	47.0	859,371C	2.8
Total Exports	4,817,551	9.1	176,160	.3	4,456,486	8.5	26,845,423	50.8	1,809,215	3.4
1889	2,356,494W	11.7	.... W	....	459,111W	2.3	10,784,303W	53.6	1,110,606W	5.5
"	6,601,989C	8.5	641,683C	.8	7,135,933C	9.1	28,786,977C	36.9	3,640,316C	4.7
Total Exports	8,958,483	9.1	641,683	.7	7,595,044	7.8	39,571,280	40.3	4,750,922	4.8
1890	2,156,807W	9.6	65,213W	.4	525,287W	2.3	12,569,286W	56.0	617,876W	2.8
"	4,849,024C	5.7	323,376C	.4	4,500,703C	5.3	24,600,147C	29.1	16,735,521C	19.8
"	210,000O	1.9	.... O	....	515,878O	4.4	9,301,046O	79.7	12,587	.1
Total Exports	7,215,831	6.1	388,589	.3	5,541,868	4.6	46,470,479	39.2	17,365,984	14.7
1891	6,090,114W	6.5	700,157W	.8	2,787,125W	3.0	46,957,113W	50.3	6,840,503W	7.3
"	2,173,070C	7.7	50C	....	3,897,565C	13.8	13,180,393C	46.5	2,608,677C	9.2
"	744,287O	13.2	.... O	....	35,466O	.6	3,205,466O	56.8	309,857O	5.5
Total Exports	9,007,471	7.1	700,207	.5	6,720,096	5.3	63,342,972	49.7	9,759,037	7.7
1892	8,489,698W	7.6	1,010,545W	.9	7,501,903W	6.7	50,813,295W	45.4	9,762,594W	8.7
"	1,764,859C	2.5	 C	....	2,971,858C	4.1	18,786,801C	26.1	19,779,876C	27.5
"	5,020,140O	45.4	.... O	....	73,745O	.7	3,742,812O	33.8	446,478O	4.0
Total Exports	15,274,697	7.8	1,010,545	.5	10,547,506	5.5	73,342,908	37.7	29,988,948	15.4

TABLE NO. 3—*Continued.*

BALTIMORE.		NEW ORLEANS		NORFOLK.		NEWP'T NEWS. (Known as Yorktown previous to 1889.)		GALVESTON.		TOTALS.
19,766,074W	....	....	....	....	....	....	....	....	....	....
16,543,812C	....	....	....	265,795C	....	....	....	2,737C	....	....
36,309,886	20.8	7,144,488	4.1	255,795	.1	....	....	2,737	....	174,589,726
30,869,104W	....	....	....	....	....	....	....	....	....	....
21,155,422C	....	....	....	240,6.0C	....	....	....	2,553C	....	....
52,024,526	23.8	6,318,605	2.9	240,670	.1	....	....	2,553	....	219,059,799
34,923,152W	23.6	5,505,020W	4.1	.... W	....	....	....	....	....	147,130,913W
14,604,364C	16.9	8,855,579C	10.3	192,903C	.2	....	....	....	....	86,549,800C
49.527,516	21.2	14,360,599	6.2	192,903	.1	....	....	....	....	233,680,713
19,453,676W	24.2	4,349,575W	5.4	8,980W	....	....	....	456W	....	80,799,950W
12,097.376C	18.5	7,692,259C	11.8	263,316C	.4	....	....	 C	....	65,155,514C
31,551,052	21.5	12,041,834	8.2	272,296	.2	....	....	456	....	145,955,464
17,233,469W	23.5	4,609,033W	6.2	....	....	134,859W	.2	1,048W	....	73,943,811W
1,132,407C	9.4	253,790C	2.1	....	....	 C	....	 C	....	12,151,189C
18,365,876	21.4	4,862,823	5.6	....	....	134,859	.2	1,048	...	86,095,000
15,434,689W	31.4	2,622,717W	5.4	.... W	....	176,541W	.4	28,043W	....	49,259,520W
10,285,875C	17.8	9,856,041C	17.1	384,183C	.7	 C	....	2,645C	....	57,657,068C
25,720,564	24.0	12,478,758	11.7	384,183	.3	176,541	.2	30,688	....	106,916,588
16,217,600W	29.1	1,346,019W	2.4	.... W	....	535,350W	1.0	2,120W	....	55,764,202W
4,943,010C	18.0	3,975,626C	14.4	300C	....	 C	....	 C	....	27,631,521C
21,160,610	25.4	5,321,645	6.4	300	....	535,350	.6	2,120	....	83,395,723
4,581,261W	14.3	678,283W	2.1	.... W	....	227,165W	.7	....	....	32,036,915W
14,048,287C	22.9	7,302,910C	11.9	21,486C	....	618,350C	1.0	....	....	61,317,763C
18,629,548	20.0	7,981,193	8.6	21,486	....	845,515	.9	....	....	93,354,678
10,475,395W	17.3	1,041,141W	1.7	.... W	....	1,638,250W	2.7	.... W	....	60,547,384W
13,138,229C	24.7	7,896,339C	14.8	53,021C	.1	1,962,598C	3.7	1,260C	....	53,252,942C
23,613,624	20.7	8,937,480	7.9	53,021	....	3,600,848	3.2	1,260	....	113,800,326
11,057,290W	13.7	4,299,242W	5.3	193,838W	.2	1,501,477W	1.9	....	....	80,464,167W
7,115,814C	21.6	7,301,011C	22.1	199,242C	.6	505,481C	1.5	....	....	33,001,469C
18,173,104	16.0	11,600,253	10.2	393,080	.3	2,006,958	1.8	....	....	113,465,636
4,082,508W	18.1	1,027,322W	4.6	.... W	....	322,309W	1.4	....	....	22,535,599W
3,741,914C	12.3	5,055,512C	16.7	82,674C	.3	427,110C	1.4	....	....	30,308,585C
7,824,422	14.8	6,082,834	11.5	82,674	.2	749,419	1.4	....	....	52,844,184
4,389,790W	21.8	991,184W	4.9	2,982W	....	31,885W	.2	....	....	20,126,355W
16,822,808C	21.6	13,469,754C	17.3	27,903C	....	880,251C	1.1	....	....	78,007,614C
21,212,598	21.6	14,460,938	14.8	30,885	....	912,136	.9	....	....	98,133,969
4,803,453W	21.4	1,308,710W	5.8	16,000W	.1	365,643W	1.6	.... W	....	22,428,275W
19,447,144C	23.0	12,768,422C	15.0	22,728C	....	1,331,279C	1.6	36,012C	.1	84,614,356C
617,053O	5.3	.... O	....	.... O	....	1,006,702O	8.6	.... O	....	11,663,266O
24,867,650	20.9	14,077,132	11.9	38,728	....	2,703,624	2.3	36,012	....	118,705,897
15,673,334W	16.8	10,497,110W	11.2	1,492,024W	1.6	1,814,024W	1.9	587,395W	.6	93,438,899W
3,852,911C	13.6	1,843,869C	6.5	83,617C	.3	682,260C	2.4	12,741C	....	28,335,153C
548O	....	.... O	....	.... O	....	1,345,487O	23.9	.... O	....	5,641,051O
19,526,793	15.3	12,340,979	9.7	1,575,641	1.2	3,841,771	3.0	600,136	.5	127,415,103
16,567,652W	14.8	14,450,811W	12.9	628,247W	.6	2,323,824W	2.1	377,885W	.3	111,926,454W
19,707,257C	27.4	7,044,044C	9.8	598,552C	.8	1,026,098C	1.6	144,775C	.2	71,824,120C
172,271O	1.6	.... O	....	.... O	....	1,604,329O	14.5	.... O	....	11,059,775O
36,447,180	18.7	21,494,855	11.0	1,226,799	.6	4,954,251	2.5	522,660	.3	194,810,349

TABLE NO. 3—*Continued.*

YEAR.	MONTREAL.		PORTLAND.		BOSTON.		NEW YORK.		PHILADEL'IA.	
1893	6,909,337W	7.9	1,050,049W	1.2	5,275,276W	6.0	38,047,932W	43.7	5,723,510W	6.6
"	9,650,544C	20.0	24,705C	....	5,241,170C	10.9	12,802,039C	26.6	3,865,633C	8.0
"	3,119,240O	31.6	.... O	....	3,651O	....	5,197,007O	52.6	103,400O	1.1
Total Exports	19,679,131	13.5	1,074,754	.7	10,520,097	7.3	56,046,978	38.6	9,692,543	6.7
1894	5,337,455W	9.7	395,961W	.7	5,812,828W	10.5	25,141,494W	45.6	4,487,496W	8.2
"	1,969,417C	5.0	623,578C	1.6	3,823,635C	9.7	11,406,711C	28.9	2,577,540C	6.5
"	77,569O	16.7	.... O	....	2,350O	.5	382,805O	82.8	169O	....
Total Exports	7,384,441	7.8	1,019,539	1.1	9,638,813	10.1	36,931,010	38.8	7,065,205	7.4
1895	3,795,000W	8.7	.... W	....	7,380,391W	16.9	24,554,758W	56.2	1,885,598W	4.3
"	2,458,000C	4.1	456,505C	.8	5,281,069C	8.9	19,693,471C	33.2	3,140,920C	5.3
"	10,750O	.6	.... O	....	1,520O	.1	1,497,587O	82.8	59,420O	3.3
Total Exports	6,263,750	6.0	456,505	.4	12,662,980	12.1	45,745,816	43.7	5,085,938	4.8
1896	6,877,846W	12.0	73,322W	.1	9,781,250W	17.1	21,766,950W	38.0	4,902,181W	8.6
"	6,658,944C	5.5	565,836C	.5	5,990,397C	4.9	18,801,794C	15.5	8,934,402C	7.4
"	2,631,785O	8.3	.... O	....	1,919,677O	6.1	15,880,150O	50.4	438,824O	1.4
Total Exports	16,168,575	7.7	639,158	.3	17,691,324	8.4	56,448,894	26.9	14,275,407	6.8
1897	9,924,029W	10.2	1,108,884W	1.1	12,143,204W	12.4	33,840,506W	34.7	5,202,416W	5.3
"	9,224,364C	5.1	154,097C	.1	9,464,163C	5.2	33,202,496C	18.3	25,129,658C	13.9
"	5,231,903O	9.0	745,642O	1.3	5,471,275O	9.4	35,374,061O	60.5	2,402,781O	4.1
Total Exports	24,380,296	7.2	2,008,623	.6	27,078,642	8.0	102,417,063	30.2	32,734,855	9.7
1898	9,132,771W	6.9	3,356,818W	2.5	13,021,229W	9.9	54,600,006W	41.4	5,706,466W	4.3
"	19,252,825C	9.7	2,070,833C	1.0	11,799,265C	5.9	39,376,615C	19.8	29,816,889C	15.0
"	6,798,817O	11.8	2,132,782O	3.7	8,720,931O	15.1	24,584,886O	42.6	5,923,422O	10.3
Total Exports	35,184,413	9.0	7,560,433	1.9	33,541,425	8.6	118,561,507	30.5	41,446,777	10.7
1899	9,909,159W	9.7	5,313,328W	5.2	12,931,292W	12.7	32,071,942W	31.5	3,956,290W	3.9
"	13,276,350C	6.7	1,928,956C	1.0	17,438,813C	8.8	40,151,755C	20.3	29,297,419C	14.8
"	3,991,164O	8.2	4,202,299O	8.7	5,241,677O	10.8	14,591,038O	30.1	7,880,766O	16.3
Total Exports	27,176,673	7.8	11,444,583	3.3	35,611,782	10.2	86,814,735	25.0	41,134,475	11.8
1900	10,596,361W	13.3	4,677,965W	5.8	11,925,415W	14.9	21,934,963W	27.4	5,342,215W	6.7
"	11,180,235C	6.1	1,781,266C	1.0	13,893,525C	7.5	43,645,963C	23.7	33,451,170C	18.2
"	5,026,404O	13.8	2,818,735O	7.8	4,518,168O	12.4	9,505,491O	26.2	6,703,246O	18.4
Total Exports	26,803,000	8.9	9,277,966	3.1	30,337,108	10.1	75,086,417	25.0	45,496,631	15.1
1901	13,626,071W	9.2	7,408,140W	5.0	20,084,378W	13.6	30,161,250W	20.3	11,466,402W	7.7
"	4,088,642C	4.2	593,086C	.6	11,044,197C	11.3	23,162,850C	23.8	15,645,111C	16.0
"	2,667,116O	8.9	2,732,022O	9.1	3,979,084O	13.3	9,671,159O	32.4	2,824,121O	9.5
Total Exports	20,381,829	7.4	10,733,248	3.9	35,107,659	12.7	62,995,259	22.9	29,935,634	10.9
1902	17,394,886W	14.4	9,233,016W	7.6	15,307,351W	12.7	27,136,272W	22.5	10,434,434W	8.6
"	256,392C	1.6	77,075C	.5	798,097C	4.9	3,124,482C	19.3	2,424,617C	15.0
"	2,397,578O	26.8	857,637O	9.6	514,741O	5.8	3,871,596O	43.3	584,756O	6.5
Total Exports	20,048,856	13.7	10,167,728	7.0	16,620,189	11.4	34,132,350	23.4	13,443,807	9.2
1903	16,055,004W	18.8	8,258,526W	9.7	6,738,533W	7.9	15,181,840W	17.8	3,451,763W	4.0
"	6,884,724C	7.8	1,631,682C	1.8	7,063,855C	8.0	21,985,816C	24.8	9,990,923C	11.3
"	1,138,261O	19.2	1,621,347O	27.3	185,542O	3.1	2,892,612O	48.8	.... O	....
Total Exports	24,077,989	13.4	11,511,555	6.4	13,987,980	7.8	40,060,268	22.2	13,442,686	7.5
1904	7,514,616W	35.1	3,692,982W	17.2	2,671,786W	12.5	1,750,628W	8.2	184,000W	.9
"	3,773,695C	8.5	777,184C	1.8	4,296,095C	9.7	10,018,885C	22.5	6,164,925C	13.9
"	1,311,702O	33.3	536,126O	13.6	78,722O	2.0	1,875,272O	47.6	52,574O	1.3
Total Exports	12,600,013	18.1	5,006,292	7.2	7,046,603	10.1	13,644,785	19.5	6,401,499	9.2

TABLE NO. 3—*Continued.*

BALTIMORE.		NEW ORLEANS		NORFOLK.		NEWP'T NEWS. (Known as Yorktown previous to 1889.)		GALVESTON.		TOTALS.
13,141,293W	15.1	13,530,944W	15.5	105,672W	.1	2,079,040W	2.4	1,310,950W	1.5	87,174,003W
7,122,350C	14.8	6,344,375C	13.2	510,307C	1.0	2,560,088C	5.3	98,508C	.2	48,219,729C
1,380,255O	13.9	.... O	....	.... O	....	80,226O	.8	.... O	....	9,883,779O
21,643,898	14.9	19,875,319	13.7	615,979	.4	4,719,354	3.3	1,409,458	.9	145,277,511
8,543,685W	15.5	2,901,531W	5.3	.... W	....	2,365,402W	4.3	135,137W	.2	55,120,989W
7,676,862C	19.5	5,341,517C	13.5	1,228,962C	3.1	4,822,738C	12.2	5,412C	....	39,476,372C
46O	....	.... O	....	.... O	....	.... O	....	.... O	....	462,939O
16,220,593	17.1	8,243,048	8.7	1,228,962	1.3	7,188,140	7.5	140,549	.2	95,060,300
3,976,838W	9.1	762,878W	1.7	163,265W	.4	1,185,400W	2.7	.... W	....	43,704,128W
9,645,758C	16.3	8,756,766C	14.8	3,716,081C	6.3	4,866,335C	8.2	1,233,477C	2.1	59,248,382C
134,318O	7.4	.... O	....	.... O	....	104,982O	5.8	.... O	....	1,808,577O
13,756,914	13.1	9,519,644	9.1	3,879,346	3.7	6,156,717	5.9	1,233,477	1.2	104,761,087
6,588,559W	11.5	3,851,337W	6.7	.... W	....	17,327W	....	3,438,939W	6.0	57,297,711W
25,602,693C	21.1	25,301,530C	20.8	12,923,820C	10.6	10,376,625C	8.6	6,207,714C	5.1	121,363,755C
6,919,519O	21.9	.... O	....	.... O	....	3,750,054O	11.9	.... O	....	31,540,009O
39,110,771	18.6	29,152,867	13.9	12,923,820	6.1	14,144,006	6.7	9,614,653	4.6	210,201,475
15,304,037W	15.7	10,356,248W	10.6	987,691W	1.0	1,465,465W	1.5	7,355,636W	7.5	97,688,116W
43,048,008C	23.7	27,714,472C	15.3	12,427,373C	6.9	16,772,539C	9.3	4,073,021C	2.2	181,210,191C
5,270,096O	9.0	1,294,518O	2.2	.... O	....	2,655,900O	4.5	.... O	....	58,446,176O
63,622,141	18.9	39,365,238	11.7	13,415,064	4.0	20,893,904	6.2	11,428,657	3.4	337,344,483
18,542,034W	14.0	12,795,542W	9.7	600,791W	.5	2,937,312W	2.2	11,288,278W	8.6	131,981,247W
45,096,477C	22.6	20,735,569C	10.4	9,383,325C	4.7	16,115,375C	8.1	5,565,600C	2.8	199,212,773C
4,859,686O	8.4	1,662,956O	2.9	.... O	....	3,038,737O	5.2	1,668O	....	57,723,885O
68,498,197	17.6	35,194,067	9.1	9,984,116	2.6	22,091,424	5.7	16,855,546	4.3	388,917,905
9,549,270W	9.4	11,562,812W	11.4	148,882W	.2	503,897W	.5	15,713,400W	15.5	101,660,272W
46,786,127C	23.6	21,939,586C	11.1	5,829,642C	2.9	14,170,131C	7.2	7,049,697C	3.6	197,868,476C
4,005,107O	8.3	923,729O	1.9	280O	....	7,558,004O	15.6	58,814O	.1	48,452,878O
60,340,504	17.3	34,426,127	9.9	5,978,804	1.7	22,232,032	6.4	22,821,911	6.6	347,981,626
4,529,811W	5.7	8,059,677W	10.1	199W	....	1,675,294W	2.1	11,188,056W	14.0	79,929,956W
40,535,023C	22.0	23,403,453C	12.7	4,445,089C	2.4	8,702,313C	4.7	3,073,525C	1.7	184,111,562C
3,972,810O	10.9	1,569,192O	4.3	3,359O	.1	2,227,318O	6.1	55O	....	36,344,778O
49,037,644	16.3	33,032,322	11.0	4,448,647	1.5	12,604,925	4.2	14,261,636	4.8	300,386,296
19,962,737W	13.5	24,410,979W	16.5	660,590W	.4	4,785,596W	3.2	15,714,465W	10.6	148,280,608W
24,711,790C	25.3	12,832,139C	13.2	2,214,684C	2.3	3,172,573C	3.3	 C	....	97,465,072C
3,652,810O	12.2	1,510,251O	5.1	748O	....	2,824,566O	9.5	.... O	....	29,861,877O
48,327,337	17.5	38,753,369	14.1	2,876,022	1.0	10,782,735	3.9	15,714,465	5.7	275,607,557
9,460,012W	7.8	15,643,745W	12.9	128,000W	.1	5,021,667W	4.2	11,081,326W	9.2	120,840,709W
4,501,555C	27.8	2,454,128C	15.2	386,840C	2.4	1,184,816C	7.3	963,205C	6.0	16,171,207C
137,505O	1.5	357,268O	4.0	.... O	....	223,837O	2.5	.... O	....	8,944,918O
14,099,072	9.7	18,455,141	12.6	514,840	.4	6,430,320	4.4	12,044,531	8.2	145,956,834
3,373,689W	4.0	11,989,273W	14.0	26,319W	....	334,448W	.4	20,039,633W	23.4	85,449,028W
19,113,566C	21.6	13,332,203C	15.0	840,397C	.9	3,535,966C	4.0	4,274,091C	4.8	88,653,223C
56,951O	1.0	35,935O	.6	.... O	....	.... O	....	500O	....	5,931,148O
22,544,206	12.5	25,357,411	14.1	866,716	.5	3,870,414	2.1	24,314,224	13.5	180,033,399
140,262W	.6	1,891,064W	8.8	.... W	....	.... W	....	3,582,104W	16.7	21,427,442W
7,706,237C	17.4	6,233,417C	14.0	579,795C	1.3	1,394,544C	3.1	3,483,176C	7.8	44,427,953C
22,560O	.6	61,555O	1.6	.... O	....	.... O	....	40O	....	3,938,551O
7,869,059	11.3	8,186,036	11.7	579,795	.8	1,394,544	2.0	7,065,320	10.1	69,793,946

Table No. 4 gives the exports of flour through Boston, New York, Philadelphia and Baltimore, with percentages in each case to the group, from 1878 to 1904, inclusive.

TABLE NO. 4.

Year.	Exports from								Total.
	Boston.	P. Ct.	New York.	P. Ct.	Philadelphia.	P. Ct.	Baltimore.	P. Ct.	
	(Barrels.)		(Barrels.)		(Barrels.)		(Barrels.)		(Barrels.)
1878	349,494	9.2	2,682,868	70.4	185,725	4.9	590,132	15.5	3,808,219
1879	618,111	12.1	3,857,258	75.3	201,818	3.9	447,382	8.7	5,124,569
1880	868,117	15.7	3,932,237	70.9	250,063	4.5	495,995	8.9	5,546,412
1881	868,210	16.9	3,695,986	71.7	176,016	3.4	413,923	8.0	5,154,135
1882	1,206,338	21.9	3,652,526	66.2	192,201	3.5	463,878	8.4	5,514,943
1883	1,766,172	25.6	4,330,146	62.7	363,342	5.3	441,477	6.4	6,901,137
1884	2,183,842	31.9	3,900,013	57.0	321,583	4.7	437,713	6.4	6,843,151
1885	1,792,326	24.4	3,763,029	51.2	695,287	9.5	1,093,093	14.9	7,343,735
1886	2,083,732	27.4	3,466,841	45.6	386,162	5.1	1,662,502	21.9	7,599,237
1887	2,058,321	20.2	4,431,010	43.6	603,093	5.9	3,081,246	30.3	10,173,670
1888	1,492,348	17.7	3,820,273	45.5	670,439	8 0	2,417,874	28.8	8,400,934
1889	1,222,851	15.6	3,710,565	47.5	554,370	7.1	2,332,805	29.8	7,820,591
1890	1,289,297	15.2	3,693,598	43.6	861,580	10.2	2,624,282	31.0	8,468,757
1891	1,560,673	16.4	4,128,360	43.2	1,156,342	12.1	2,703,715	28.3	9,549,090
1892	2,090,720	15.3	6,034,260	44.3	1,843,647	13.5	3,661,623	26.9	13,630,250
1893	1,855,471	14.7	6,047,931	48.0	1,376,434	10.9	3,331,374	26.4	12,611,210
1894	2,103,422	16.7	6,292,106	49.9	1,277,767	10.1	2,943,562	23.3	12,616,857
1895	1,433,157	15.3	4,516,145	48.1	903,122	9.6	2,539,981	27.0	9,392,405
1896	1,457,526	14.6	4,817,435	48.2	654,126	6.5	3,065,845	30.7	9,994,932
1897	1,208,731	13.4	4,699,767	51.9	815,181	9.0	2,325,803	25.7	9,049,482
1898	1,579,687	14.7	4,738,214	44.1	1,614,426	15.0	2,813,166	26.2	10,745,493
1899	1,528,257	13.1	4,724,035	40.3	2,101,435	17.9	3,367,485	28.7	11,721,212
1900	1,606,175	14.3	4,487,306	39.8	2,174,567	19.3	3,003,787	26.6	11,271,835
1901	1,496,163	13.4	4,092,711	36.7	2,237,527	20.1	3,324,953	29.8	11,151,354
1902	901,325	8.4	4,149,129	39.0	2,521,791	23.7	3,074,335	28.9	10,646,580
1903	767,044	6.8	4,281,084	38.2	2,664,177	23.8	3,489,618	31.2	11,201,923
1904	610,103	10.5	2,672,766	45.9	1,256,151	21.6	1,281,266	22.0	5,820,286

Table No. 5 gives the exports of provisions through Boston, New York, Philadelphia and Baltimore, from 1878 to 1904, inclusive, with percentages in each case to the group.

TABLE NO. 5.

Year.	Boston.		New York.		Philadelphia.		Baltimore.		Total Pounds.
	Pounds.	P. Ct.	Pounds.	P. Ct.	Pounds.	P. Ct.	Pounds.	P. Ct.	
1878	177,313,913	13.8	949,716,756	73.8	121,922,480	9.5	37,615,338	2.9	1,286,568,487
1879	172,977,646	11.7	1,117,400,979	75.6	131,906,085	8.9	55,694,422	3.8	1,477,979,132
1880	254,146,110	16.1	1,150,816,554	72.8	116,441,867	7.3	59,526,091	3.8	1,580,930,622
1881	278,534,885	17.6	1,135,383,190	71.6	99,085,097	6.2	72,757,088	4.6	1,585,760,260
1882	181,927,957	17.4	764,522,680	73.1	90,547,980	8.7	8,780,423	.8	1,045,779,040
1883	125,265,015	15.0	631,217,415	75.5	67,189,006	8.0	12,194,244	1.5	835,865,680
1884	154,086,689	15.6	748,526,538	75.7	78,591,159	7.9	7,706,113	.8	988,910,499
1885	173,818,873	16.6	778,574,401	74.5	65,445,721	6.3	27,148,754	2.6	1,044,987,749
1886	170,847,397	16.3	738,942,537	70.7	96,749,294	9.3	38,988,966	3.7	1,045,528,194
1887	216,201,732	19.8	755,005,645	69.0	66,168,185	6.0	57,216,574	5.2	1,094,592,136
1888	189,956,731	17.7	771,293,311	71.8	56,891,702	5.3	55,428,400	5.2	1,073,570,144
1889	250,573,807	22.3	755,003,803	67.0	64,695,630	5.7	55,796,184	5.0	1,126,069,424
1890	372,419,921	22.3	1,065,939,026	64.0	72,771,274	4.4	155,470,733	9.3	1,666,600,954
1891	400,513,508	23.2	1,070,507,227	62.1	78,973,619	4.6	174,647,241	10.1	1,724,641,595
1892	394,827,138	23.6	1,045,763,882	62.6	65,800,496	3.9	165,285,072	9.9	1,671,676,588
1893	378,204,890	26.4	861,912,692	60.1	77,603,918	5.4	116,594,971	8.1	1,434,316,471
1894	355,880,234	23.7	929,779,656	61.9	66,936,101	4.5	149,115,475	9.9	1,501,711,466
1895	404,627,144	26.9	886,098,290	58.8	53,443,690	3.6	161,923,821	10.7	1,506,092,945
1896	426,635,173	27.8	883,995,074	57.5	63,528,608	4.1	163,571,885	10.6	1,537,730,740
1897	480,063,931	27.4	992,552,479	56.7	76,320,612	4.3	200,272,800	11.6	1,749,209,822
1898	640,974,604	30.0	1,097,110,179	51.4	83,786,890	3.9	313,607,311	14.7	2,135,478,984
1899	617,384,138	29.0	1,115,413,858	52.5	123,755,815	5.8	269,491,732	12.7	2,126,045,543
1900	522,809,038	26.0	1,065,111,919	53.1	150,139,385	7.5	269,655,117	13.4	2,007,715,459
1901	548,644,382	27.6	1,098,015,382	55.2	140,167,476	7.1	200,830,705	10.1	1,987,657,945
1902	403,831,090	23.4	999,850,200	58.1	179,071,759	10.4	139,591,172	8.1	1,722,344,221
1903	307,142,660	21.6	891,681,319	62.7	111,356,775	7.8	112,359,350	7.9	1,422,540,104
1904	365,439,493	22.6	982,494,549	60.9	110,760,941	6.9	155,442,452	9.6	1,614,137,435
Aggregate pounds.	8,965,048,099	22.4	25,282,629,541	63.2	2,510,051,565	6.3	3,236,712,434	8.1	39,994,441,639

Table No. 6 gives the total value of all exports through these four ports from 1878 to 1904, inclusive, with percentages in each case to the entire group.

TABLE NO. 6.

Year.	Boston.	Per Cent.	New York.	Per Cent.	Philadelphia.	Per Cent.	Baltimore.	Per Cent.	Total.	Percentage of New York To Total Exports United States.
1878	$46,542,044	10.0	$327,226,478	70.6	$44,509,089	9.6	$45,492,527	9.8	$463,769,138	44.0
1879	48,100,019	10.0	327,796,819	68.2	47,013,751	9.8	57,474,495	12.0	480,385,084	44.5
1880	58,023,587	10.2	385,506,602	67.7	49,612,195	8.7	76,220,870	13.4	569,363,254	46.1
1881	72,100,193	12.4	393,658,208	67.6	44,147,296	7.6	72,444,413	12.4	582,350,110	43.6
1882	61,614,526	13.1	332,102,136	70.5	37,957,661	8.0	39,412,642	8.4	471,086,965	44.3
1883	61,273,101	12.2	347,308,334	69.2	38,132,145	7.6	54,956,050	11.0	501,669,630	42.2
1884	62,528,000	13.5	320,016,246	69.3	36,467,799	7.9	43,064,217	9.3	462,076,262	43.2
1885	61,378,633	12.8	334,718,227	69.8	38,642,516	8.0	45,041,634	9.4	479,781,010	45.1
1886	53,428,513	12.5	304,496,611	71.2	33,719,861	7.9	35,844,829	8.4	427,489,814	44.8
1887	57,775,156	12.8	306,842,375	68.0	35,361,876	7.8	51,601,118	11.4	451,580,525	42.8
1888	55,482,664	12.8	301,486,784	69.8	28,733,415	6.7	46,212,036	10.7	431,914,899	43.3
1889	68,868,409	15.0	310,928,151	67.0	27,707,437	6.1	50,602,996	11.0	458,106,993	41.9
1890	70,364,955	13.5	340,268,765	65.2	37,239,820	7.1	73,964,802	14.2	521,838,342	39.7
1891	76,719,517	15.0	337,806,277	65.9	33,438,639	6.5	64,356,479	12.6	512,320,912	38.2
1892	86,611,526	13.4	404,935,770	62.4	58,460,926	9.0	98,799,890	15.2	648,808,112	39.3
1893	84,595,157	15.5	339,040,667	62.3	49,374,447	9.1	71,482,652	13.1	544,492,923	40.0
1894	82,841,346	14.8	359,192,983	64.0	40,280,353	7.2	78,340,983	14.0	560,655,665	40.3
1895	85,035,218	17.0	317,906,816	63.6	34,908,723	7.0	61,894,218	12.4	499,744,975	39.4
1896	94,638,178	17.4	344,355,492	63.2	39,436,059	7.2	66,363,273	12.2	544,793,002	39.0
1897	99,451,605	16.2	382,610,975	62.2	46,993,644	7.7	85,670,912	13.9	614,727,136	36.4
1898	116,129,227	16.0	437,426,637	60.0	56,187,309	7.7	118,782,172	16.3	728,525,345	35.5
1899	125,599,418	16.9	449,801,525	60.5	60,849,993	8.2	107,099,201	14.4	743,350,137	36.7
1900	110,952,069	13.7	507,930,476	62.5	78,225,405	9.6	115,470,796	14.2	812,578,746	36.4
1901	142,905,886	16.9	516,929,035	61.1	79,212,568	9.4	106,161,392	12.6	845,208,881	34.7
1902	101,759,175	13.7	479,193,385	64.6	80,151,390	10.8	80,503,075	10.9	741,607,025	34.7
1903	87,434,556	11.9	492,874,449	67.0	73,381,403	10.0	81,657,370	11.1	735,347,778	34.7
1904	89,068,206	12.1	493,705,709	67.0	71,237,484	9.7	82,820,876	11.2	736,832,275	33.8

Table No. 7 gives the total value of all imports through these four ports, from 1878 to 1904, inclusive, with percentages in each case to the group and in case of New York to the total imports of the United States.

TABLE NO. 7.

Year.	Baltimore.	Per Cent.	Boston.	Per Cent.	New York.	Per Cent.	Philadelphia.	Per Cent.	Total.	Percentage of N. Y. to Total Imports U. S.
1878	$16,899,855	4.6	$40,268,023	10.9	$292,797,559	79.3	$19,333,496	5.2	$369,298,933	62.7
1879	14,017,604	3.7	40,448,791	10.6	302,349,053	79.3	24,377,271	6.4	381,192,719	64.9
1880	19,945,989	3.4	68,503,136	11.7	459,937,153	78.7	35,944,500	6.2	584,330,778	68.9
1881	16,189,816	3.0	61,960,103	11.3	435,450,904	79.7	32,583,106	6.0	546,183,929	67.8
1882	14,938,258	2.4	69,594,057	11.4	493,060,891	80.6	34,136,579	5.6	611,729,785	68.0
1883	14,599,179	2.4	72,552,075	11.7	496,005,276	80.4	33,738,556	5.5	616,895,086	68.6
1884	11,423,665	2.0	65,865,551	11.4	465,119,630	80.8	33,657,216	5.8	576,066,062	69.7
1885	11,849,696	2.5	53,445,929	11.2	380,077,748	80.0	29,919,019	6.3	475,292,392	65.8
1886	11,696,944	2.2	58,430,707	11.1	419,338,932	79.7	36,561,313	7.0	526,027,896	66.0
1887	12,535,920	2.2	61,018,330	10.7	456,698,631	80.1	39,952,349	7.0	570,205,230	66.0
1888	11,741,585	2.0	63,897,778	10.9	470,426,774	80.0	41,772,121	7.1	587,838,258	65.0
1889	15,223,844	2.5	66,731,023	11.1	472,153,507	78.3	48,528,602	8.1	602,636,976	63.4
1890	13,140,203	2.0	62,876,666	9.7	516,426,693	79.9	53,936,315	8.4	646,379,877	65.4
1891	20,555,687	3.0	71,212,614	10.3	537,786,007	78.1	59,427,890	8.6	688,982,198	63.7
1892	13,418,523	2.0	71,780,489	10.5	536,538,112	78.7	60,006,791	8.8	681,743,915	64.8
1893	16,150,946	2.3	79,357,654	11.2	548,558,593	77.2	66,122,147	9.3	710,189,340	63.3
1894	11,978,900	2.2	50,309,331	9.5	415,795,991	78.2	53,726,963	10.1	531,811,185	63.5
1895	12,260,706	2.0	66,889,118	11.0	477,741,128	78.9	48,802,676	8.1	605,693,628	65.3
1896	13,476,630	2.1	79,179,864	12.4	499,932,792	78.5	43,840,836	7.0	636,430,122	64.1
1897	11,371,193	1.8	90,178,419	14.3	480,603,580	76.3	48,072,672	7.6	630,225,864	62.8
1898	8,907,118	1.8	51,475,094	10.4	402,281,050	81.4	31,419,997	6.4	494,083,259	65.3
1899	9,151,155	1.6	52,097,960	9.2	465,559,650	82.0	41,222,528	7.2	568,031,293	66.8
1900	19,045,279	2.8	72,195,939	10.6	537,237,282	79.0	51,866,002	7.6	680,344,502	63.2
1901	18,899,473	2.9	61,452,370	9.4	527,259,906	80.4	48,043,443	7.3	655,655,192	64.1
1902	22,825,281	3.3	71,921,436	10.3	559,930,849	79.9	45,750,342	6.5	700,427,908	62.0
1903	27,803,167	3.5	86,310,586	10.9	618,705,662	78.0	59,995,431	7.6	792,814,846	60.3
1904	20,345,788	2.7	80,657,697	10.7	600,171,033	79.5	53,890,106	7.1	755,064,624	60.6

[53] The rate disturbances out of which this investigation grew were occasioned primarily by a dispute over the differential on ex-lake grain. While that subject was before the Commission in 1897 and incidentally referred to in its report in that case it was not examined in detail. The facts in reference to this traffic are as follows:

Grain is carried by rail from various points of origin to different western ports upon the Great Lakes like Chicago, Milwaukee and Duluth, from whence it is transported by vessel to various eastern lake ports of which the principal one is Buffalo. Tariffs are so arranged that grain moves from nearly all points in Kansas and territory north via the Great Lakes.

Flour also takes to a very considerable extent the same route. Mills at interior points like Minneapolis ship to the lake and from thence by water and rail to the seaboard. Since the cost of transportation during the season of navigation is less by this route than by the all-rail route, large quantities of traffic seek this avenue. The following table No. 8 gives the receipts of flour and grain at Buffalo from 1873 down to and including 1904, as reported by the Buffalo Chamber of Commerce.

TABLE NO. 8.

Year.	Flour, Barrels.	Wheat, Bushels.	Corn, Bushels.	Oats, Bushels.	Rye, Bushels.	Barley, Bushels.	Total Grain, Bushels.
1873	1,259,205	30,618,372	28,550,828	5,972,346	906,947	1,232,507	67,281,000
1874	1,693,585	20,778,572	24,974,548	5,396,781	167,301	1,154,948	52,472,150
1875	1,810,402	32,967,656	22,593,891	8,494,124	222,126	916,889	65,194,686
1876	807,210	19,324,612	20,939,853	2,397,257	761,795	2,615,081	46,038,598
1877	693,044	23,284,405	33,362,866	4,279,229	1,055,003	1,652,568	63,634,071
1878	911,980	35,419,136	35,133,853	5,122,972	2,135,007	1,375,184	79,186,152
1879	807,105	37,788,501	32,990,993	1,104,793	1,884,802	600,740	74,369,829
1880	1,317,911	40,510,229	62,214,417	649,350	743,451	335,925	104,453,372
1881	1,051,250	18,495,320	34,434,830	4,565,737	22,210	282,510	57,800,607
1882	1,199,350	26,050,030	21,664,530	1,650,170	767,360	701,500	50,833,590
1883	2,071,570	24,105,420	34,975,040	3,226,900	2,830,830	583,890	65,722,080
1884	2,615,510	32,469,710	18,538,340	3,174,730	2,247,060	534,130	56,963,970
1885	2,903,280	27,130,400	21,028,230	767,580	309,370	577,230	49,812,810
1886	4,582,190	41,430,440	29,155,370	1,014,670	126,630	787,730	72,514,840
1887	4,001,360	48,111,180	30,189,490	4,656,280	304,540	1,474,570	84,720,910
1888	5,244,930	27,548,110	36,422,270	7,897,310	513,720	842,090	73,223,500
1889	5,480,710	26,051,600	47,127,150	14,309,800	1,906,760	1,474,510	90,869,880
1890	6,245,580	24,868,630	44,136,060	13,860,780	1,281,630	5,165,700	89,312,800
1891	7,093,340	76,945,960	29,616,390	12,454,150	5,603,400	4,273,120	128,893,020
1892	9,746,120	78,343,560	32,377,780	16,500,250	1,316,530	4,600,970	133,139,090
1893	10,562,090	68,243,750	40,539,970	20,700,150	644,590	5,791,460	135,919,920
1894	11,488,530	50,194,130	29,078,520	15,560,230	501,195	8,625,090	103,959,165
1895	10,005,258	47,437,280	37,607,211	22,056,339	935,855	10,461,790	118,498,475
1896	10,384,184	54,411,207	47,811,010	40,107,499	4,404,354	16,697,744	163,431,814
1897	12,440,617	56,565,610	56,932,625	64,140,618	7,213,650	14,548,100	199,400,603
1898	10,371,653	83,872,837	67,950,073	45,501,233	6,821,694	11,391,332	215,537,169
1899	9,088,873	48,008,014	53,843,327	26,469,401	2,260,865	15,110,672	145,692,279
1900	11,463,079	47,826,458	63,192,660	28,422,256	1,314,743	9,868,196	150,624,313
1901	11,053,439	61,294,248	30,539,848	21,438,545	1,256,284	7,687,239	122,216,164
1902	12,026,616	62,452,696	22,487,454	15,891,387	3,716,628	8,969,865	113,518,030
1903	11,243,027	40,455,328	43,364,979	30,976,088	3,216,983	10,681,655	128,695,033
1904	6,160,965	26,270,000	27,898,000	19,124,000	1,736,600	15,665,000	90,693,600

[56] While receipts of grain and grain products at Buffalo are much greater than at other eastern lake ports still there is a substantial movement to Erie, Pennsylvania, and a smaller movement to Fairport, Ohio, in addition to a large movement through the Welland Canal to points east of Buffalo. It will be seen, therefore, that this traffic has been for many years and is still of very great volume.

Flour shipped by the lake and rail route always moves from the point of origin to the Atlantic seaboard upon a through bill of lading at a through rate; when the destination is a foreign one the shipment is usually upon a through bill to the foreign point. While, therefore, large quantities of this flour are stored at Buffalo and other lake ports temporarily before being taken forward by rail, this storage is merely an incident to the carriage. The traffic in no sense originates at Buffalo. All these through lake-and-rail rates on flour whether for export or for domestic consumption recognize a differential of two and three cents to Philadelphia and Baltimore.

In the handling of grain this is entirely different. The shipment from the point of origin to the lake port is a local transaction. The transportation from the western lake port to Buffalo is another independent transaction and the grain is then taken from Buffalo to the seaboard, whether for export or for domestic consumption, at a new rate, which is usually termed an ex-lake rate, and which applies to grain which has reached Buffalo via the lakes. The actual rate at which this grain moves for export is one applicable to lots of 8,000 bushels and is so much per bushel. The question before us is, should this export rate be the same to all the ports, or should Baltimore or Philadelphia enjoy a differential upon this as they do upon all-rail grain?

This ex-lake business was not referred to in the agreement of 1877 nor was it mentioned in the Fink Report or the award of the Advisory Commission. The reason for this is not very clear. It appears from the table above given that in 1877 the receipts of flour at Buffalo were 700,000 barrels and of grain in round numbers 63,000,000 bushels, and we know from further evidence in the case that nearly 6,000,000 bushels of grain were [57] handled that year through the port of Erie where the Pennsylvania Railroad had constructed an elevator as early as 1869. Mr. Guilford indicates that this grain was carried mostly by canal in these early days, but the tables in evidence show that only 39,000,000 bushels of wheat and corn were received by canal at New York during the year 1877 against 63,000,000 received at Buffalo, and that in 1880, 68,000,000 bushels of wheat and corn reached New York by canal while the receipts at Buffalo were 104,000,000 bushels. It is

possible that Philadelphia and Baltimore lines did not at that time have working arrangements by which they could reach Buffalo; at any rate this ex-lake differential evidently was not a thing of importance until about 1890. Mr. Guilford states that the railroads determined to compete with the canal for this Buffalo grain in 1891 and that this brought the differential into prominence. Mr. Thayer, testifying for the Pennsylvania Lines, states that an agreement was formed as early as 1889 by which a differential was allowed to Philadelphia and Baltimore upon this ex-lake grain, not to exceed the amount of the all-rail differential. According to the testimony of Mr. Guilford the differential from about 1891 to 1895 was one-half cent per bushel on heavy grains. In 1895 rates were badly demoralized and no fixed schedule was maintained, but in 1896 the Joint Traffic Association, which had been organized for the purpose of fixing and maintaining rates, established a differential of 1 cent per bushel on ex-lake grain in favor of Baltimore and Philadelphia. This continued in effect until 1898 when the Joint Traffic Association reversed its former holding and abolished the differential altogether. Witnesses for New York stated that from this time until the fall of 1903 no differential was allowed Philadelphia or Baltimore from Buffalo or Erie. Mr. Thayer states that the differential was abolished on cargo shipments in 1898 but that it continued to be applied to berth shipments until 1900.

We are inclined to think that a differential was insisted upon and generally taken, when rate conditions permitted, by the Philadelphia and Baltimore lines until the action of the Joint Traffic Association in 1898. It may be that this differential was still applied for some little time by Philadelphia and Baltimore [58] lines to berth business. For a time Philadelphia lines remitted the elevator charges at that port on ex-lake grain. From 1900 to the fall of 1903 no differential was claimed in favor of Baltimore and Philadelphia from either Buffalo or Erie, but it appears that the Baltimore & Ohio, which owns an elevator at Fairport, Ohio, took during all that time a differential of 4-10 of one cent per bushel upon Baltimore shipments through that port.

It may be generally remarked with respect to these ex-lake rates that competition was strong and that rates were in consequence very much demoralized until the formation of what has been known as the Buffalo Grain Pool. This is an association of lines transporting grain from Buffalo to New York through which the traffic is divided in given proportions. It was said in this case, and had appeared in former investigations by this Commission, that previous to the organization of this committee or association, grain had been carried from Buffalo to New York and Boston at as low as 2½ cents a bushel, but since the es-

tablishment of this arrangement rates have been advanced and well maintained. Philadelphia and Baltimore lines have at no time been parties to this organization but have apparently maintained the rates established by it.

The distance from Buffalo to New York, Philadelphia and Baltimore is almost exactly the same being about 400 miles. Buffalo is not in differential territory and so far as we can learn no differential rates prevail to the various ports. Large quantities of ex-lake wheat are ground at Buffalo, but the product in all cases goes forward whether for domestic consumption or export at the same rate to the three ports.

The Baltimore & Ohio Railroad Company owns and maintains an elevator at Fairport, Ohio, as just said, through which it handles a limited quantity of ex-lake grain. There appears to be considerable elevator capacity at Erie, Pennsylvania, and both the Baltimore & Ohio and the Pennsylvania handle grain through this lake port. The quantity so handled is considerable, having been as high as 16,000,000 bushels per year; but this movement seems to have declined in recent years and was always insignificant in comparison with Buffalo. Fairport and Erie [59] are both in differential territory, but it seemed to be the opinion of all witnesses that upon export grain the rate from the three ports should be the same.

The table below gives in percentages the receipts from 1892 to 1903 inclusive, of ex-lake grain at New York, Philadelphia and Baltimore.

TABLE NO. 9.

Year	To New York From Buffalo	To Philadelphia.			To Baltimore.		
		Erie.	Buffalo.	Total.	Erie.	Fairport.	Total.
1892 ...	74.8	9.4	5.1	14.5	9.9	.8	10.7
1893 ...	65.7	14.4	7.2	21.6	12.4	.3	12.7
1894 ...	67.1	10.6	14.5	25.1	6.8	1.0	7.8
1895 ...	88.8	1.8	4.5	6.3	4.7	.2	4.9
1896 ...	68.9	5.7	10.7	16.4	6.6	8.1	14.7
1897 ...	75.4	5.1	6.2	11.3	6.4	6.9	13.3
1898 ...	77.4	6.0	9.0	15.0	4.1	3.5	7.6
1899 ...	82.0	6.2	9.1	15.3	1.4	1.3	2.7
1900 ...	76.4	5.8	8.8	14.6	4.5	4.5	9.0
1901 ...	84.7	2.2	10.2	12.4	.1	2.8	2.9
1902 ...	77.0	2.0	16.4	18.4	3.2	1.4	4.6
1903 6 mos.	82.0	2.4	12.8	15.2	2.8		2.8

It was said on behalf of Boston that the elevation charges at that port were higher than at Baltimore and Philadelphia, and such appears to be the fact. The elevation charge at the two latter cities is three-fourths of a cent per bushel, including free storage for the first twenty

days, while for the same service at Boston the charge is nine-tenths of a cent per bushel. Against this, however, is an offset which leaves a difference against Boston of .12 of a cent per bushel. We understand that the elevators at Boston are owned and operated by the railroads.

On the part of Baltimore and Philadelphia it was urged that the cost of insurance was greater from those ports than from Boston or New York. It appears that the quoted rates are the same from all four ports, but from actual transactions it rather seems that in many instances marine insurance is higher from Baltimore and probably Philadelphia than from the other two ports. This would be in the long run a real disadvantage [60] against these ports, but there is no testimony in this case from which we can place any exact figure upon that disadvantage.

Considerable testimony was introduced to show that in the past rates had not been maintained. This is a matter of common knowledge. It appeared in the former investigation before us that for a short time after the Act to Regulate Commerce took effect published schedules were fairly well observed and that for a few weeks and perhaps months after the organization of the Joint Traffic Association these grain rates were pretty well maintained; but it was practically conceded that at all other times they had been more or less departed from. It is our impression, however, that there has at all times been a substantial difference in favor of the differential ports. There was upon the published schedule an actual differential and lines leading to Baltimore and Philadelphia have probably departed as much from the rate as their competitors to New York. At the same time, as we observed in the former case, the fact that rates have not been maintained has made it impossible to determine the actual effect of these differentials upon the movement of this traffic. It is now said that since the spring of 1902 rates have been maintained and we are inclined to the opinion that these grain rates in the main have been.

This investigation nominally covered import as well as export traffic and some testimony was introduced by the New York interests upon this branch of the inquiry; but no evidence on this point was offered by the other ports and the subject has been scarcely referred to in argument. Under these circumstances it would not be profitable to attempt any discussion of that matter.

CONCLUSIONS.

The controversy before us relates to what are known as the "Port differentials" and is one of long standing. The dispute began when rival lines of railway, first connected the West with the four At-

lantic ports involved. It has produced numerous rate wars, has been the subject of arbitration, has been considered by this Commission upon complaint of one locality and is now **[61]** under investigation by us again at the general request of the four ports especially interested and of many interior shippers.

The question itself is readily comprehended. That section bounded on the east by a line drawn from Pittsburgh to Buffalo, on the south by the Ohio River, on the west by the Mississippi River and on the north by the Great Lakes and a line drawn west from Chicago to Dubuque is known as differential territory. Rates between points in this territory and New York city are based upon the Chicago-New York rate; that is, the rate between any point in this territory and New York is either the same as the Chicago rate or a certain percentage of that rate. To other points upon the Atlantic seaboard the rate is higher or lower than that to New York by a given number of cents per hundred pounds. Rates upon all classes and all commodities, with the exception of grain and iron articles, are 2 cents lower to Philadelphia and 3 cents lower to Baltimore than to New York. To Boston rates are the same as to New York on export traffic while on domestic traffic they are higher by arbitrary amounts ranging from 7 cents per hundred pounds on first class to 2 cents on sixth class and most, if not all, commodities. These arbitrary differences above or below the New York rate are termed in this proceeding differentials. No question is made as to the propriety of these differentials on domestic traffic but it is insisted that they should not be allowed on export business.

It should be observed that while these differentials apply in theory only to traffic from differential territory they in fact apply to all traffic which passes through this territory. A glance at the railroad map of the country shows that this includes virtually all traffic which, originating west of Buffalo and Pittsburgh, passes out through the Atlantic ports north of Norfolk; and it will further be seen by reference to the tables given in the findings of fact that this embraces a very considerable part of the rail movement by which our entire exports reach the seaboard.

When the Commission examined this subject in the *Produce Exchange Case*, 7 I. C. C. Rep. 612 (*ante*, p. 157), its only function was to determine whether the Act to Regulate Commerce had been violated. Our relation to the subject to-day is a broader one, certainly if **[62]** we comply with the request of the petitioners at whose instigation this proceeding was instituted. We are to say, not whether these differentials are lawful merely, but whether on the whole, considering the interests of all parties, they are fair. Counsel for the city of New

York in commenting upon this remarked that this controversy might, therefore, for the first time be settled upon correct fundamental principles. We have endeavored to find some fundamental principle by the application of which this dispute might be laid at rest, but entirely without success. It is said that a fair differential is one which would give to these several ports the traffic to which they are entitled. It is also said that these several ports are entitled to what of this traffic they can obtain under a fair differential. New York urges that its facilities upon the ocean must not be interfered with, while Baltimore and Philadelphia assert with equal positiveness that they must not be deprived of their advantages upon the land. While there is no fundamental principle, however, which can be applied there are certain fundamental considerations which should be kept in mind.

If it can be properly done, these ports should all be kept open for the transaction of this export business upon such terms that each one may fairly compete for it. No marked advantage should be given, certainly not by the creation of artificial conditions, to any one port over the other. The ideal condition would be the establishment of such rates that enterprise at either port in the way of improvement in service or facilities might be rewarded by increased business and that there might exist that healthy struggle of locality against locality which is the best security for proper commercial development. This is justly demanded by the interests of the communities involved.

In disposing of this question the interests of the carriers which serve these communities should be none the less kept in view. If, again, it can be properly done, these rates should be so adjusted that this competitive traffic will be fairly distributed between the different lines of railway which serve these ports. Each one of these four cities is reached by two or more great railway systems. The prosperity of these cities and systems cannot be separated. The ability of a railroad to adequately dis- [63] charge its duty for a reasonable charge depends upon the business which it can obtain, and no one of these systems should be deprived of its fair portion of this enormous export traffic. The purpose of these differentials from the first has been to distribute this business between the different carriers and we said in our former report that this was not improper unless the means used were improper.

It should be noted that this discussion is confined entirely to the four ports, Boston, New York, Philadelphia and Baltimore. While others are directly affected by these differentials they have not been represented upon this hearing and are not considered except in so far

as it may be necessary to keep in mind the effect of our conclusions here upon conditions elsewhere.

No fact has been more persistently urged upon our attention than the location of Baltimore and Philadelphia, as compared with New York and Boston in point of distance. Baltimore is 111 miles and Philadelphia 90 miles nearer than New York to Chicago. The greater part of the traffic to which these differentials apply does not originate at Chicago, but we have seen that Chicago may be taken as a representative point of origin without injustice to New York. This difference in distance, if there were no competitive conditions, would justify a lower rate to Philadelphia and a still lower rate to Baltimore.

These differentials have undoubtedly been established in the past with a view almost entirely to their influence upon the movement of export business. It is, however, of importance that rates between these cities and the West should be fairly adjusted with respect to domestic traffic. If the supplies with which the artisans of Baltimore work and upon which the population of Baltimore lives are transported for a less cost from the West to Baltimore while the products of its factories are sent back at a less cost to be consumed in the West, this would be an important element making for the prosperity of that locality as compared with other localities where the cost of transportation was more. Now if there had been no export business in the past, if these domestic rates had been adjusted solely with a view to what was right between the communities, it is altogether probable that the differentials in favor of Baltimore and Philadelphia would have [64] been even greater than they are to-day. When the differential on grain was reduced in 1899 and again when that on iron articles was halved in 1904, the former differences on domestic rates were left in effect. There can be little doubt, and we have so stated in the findings of fact, that a fair recognition of the advantage of these two southern ports in the matter of distance would entitle them to as great a differential as three cents to Baltimore and two cents to Philadelphia.

It should be further noticed that not only have these communities, when considered as points of final destination, a right to a lower rate than New York on traffic from this territory, but the carriers which transport that traffic may properly exact from shippers to New York a higher rate, if they see fit. The Pennsylvania Railroad is the short line to New York. Traffic over that line for New York passes through Philadelphia and 90 miles beyond. The expenses of delivery at New York are materially more than in Philadelphia. There is no just principle which would compel this company against its will to apply at New York the same rate as at Philadelphia when the cost of rendering that

service is distinctly greater. It might as a matter of competition see fit to do so, but it could not with justice be compelled to.

If these differentials fairly recognize the advantages of Baltimore and Philadelphia, upon what theory can they be reduced or abolished? It is said that these cities labor under certain disadvantages in the way of water transportation as compared with New York and Boston. Now, what can be more just than to give to each port the inland rate to which its location entitles it and to let it obtain such portion of this export traffic as its ocean facilities can win for it? Does not this award to each locality the exact benefit of its location and is not any other rule to an extent unjust?

The answer is found in the fact that this traffic does not stop at the seaboard but is carried to foreign destinations. The port of export is but a single station as it were upon the through line.

This traffic in point of fact originates at a great number of interior points and reaches numerous foreign destinations, but we may assume for the purpose of illustration that it all comes **[65]** from Chicago and all goes to Liverpool. It is apparent that it may be transported between these points by any of the four ports in question. The distance by rail is somewhat shorter to Baltimore and Philadelphia than to Boston and New York. Upon the other hand the water distance is somewhat less from Boston and New York than from Philadelphia and Baltimore. The entire through distance does not greatly vary. In other words this traffic is fairly competitive and rates ought, therefore, to be so adjusted that rival routes can fairly compete for it.

Apply for a moment the rule suggested by Baltimore and Philadelphia to the movement of this traffic. The domestic rate to Baltimore is three cents lower and to Philadelphia two cents lower than to New York. The domestic rate to Boston is two cents higher than to New York upon low grade freight and considerably more upon the higher classes. Now, what would be the result if carriers were compelled to charge their domestic rates upon export traffic? Plainly it would shut up the port of Boston. This fact has been obvious from the first, and it has always been conceded that export rail rates to Boston might be lower than domestic rates and not higher than export rates to New York. This was so specified in the agreement of 1877. It was recognized as necessary by the award of the Advisory Commission. It has been formally approved in two instances by this Commission: *In the Matter of the Export Trade of Boston*, 1 I. C. C. Rep. 24, 1 Inters. Com. Rep. 25 (*ante*, p. 105); *Kemble* v. *Boston & Albany Railroad Company*, 8 I. C. C. Rep. 110 (*ante*, p. 231). Nothing can be more

certain than that these inland rates upon export traffic should be treated as a part of the entire through rate.

The real question is on what basis shall rates be equalized through the various ports. New York and Boston insist that the through rates should be made the same in amount by all the ports. The through rate is made by adding together the inland rail rate from the interior to the port of export and the water rate from the port of export to the foreign destination. These localities contend that if the water rate from a given port is higher the rail rate to that port may be correspondingly lower, but only sufficiently lower to make the through rate the same. They further contend that water rates are in fact substantially **[66]** the same from Baltimore and Philadelphia as from Boston and New York, and that, therefore, the inland rail rates to those ports should also be the same. Baltimore and Philadelphia urge that there are certain advantages at New York and Boston in the water route which upon the same through rate would attract traffic to those ports at their expense, and they urge that these advantages shall also be equalized so that not the through rate but the advantages of transportation through the several ports shall be made equal.

The purpose is to permit these carriers and the ports which they serve to compete for this traffic. The rates are to be so adjusted that there can be fair competition for this business via all the ports, so that no one shall possess a distinct advantage over the other. To accomplish this result Boston is allowed to charge a lower export rate than its domestic rate. New York is also permitted in some instances to apply a lower differential to export than is fixed for domestic traffic. Now, when New York is allowed to reduce this differential on export traffic there is taken away from Baltimore a part of its natural advantages for the benefit of New York in order that New York may compete for this traffic. But just as Baltimore has an advantage in distance, so New York has certain advantages in ocean facilities. If now Baltimore is required to sacrifice its superiority upon the land for the benefit of New York why should not New York be required to give up some portion of its superiority on the water for the benefit of Baltimore?

We do not wish to be understood as saying that this principle should be extended to the making of rail rates between competing lines. It may be that in such case the rate by every line should be the same and that each line should sustain whatever disability it has. If in this case it were possible to definitely establish the same through rate by all these ports, if it ever had been possible to do so, the advisability of such an adjustment would deserve serious consideration. It is,

however, impossible to apply that rule in fact. The ocean rate from every port is continually fluctuating and is seldom the same for two days in succession. It even varies from hour to hour. The rate may be higher from Baltimore to-day and from New York to-morrow. [67] It cannot, therefore, be determined what inland differential would produce equal rates through all the ports.

It would be impossible to make the same rate through all these ports unless some system like that applied by southern lines to the exportation of cotton were adopted. Under that system there is a published inland rate to the several ports, but that rate is seldom observed. The ocean rate from the various ports is ascertained. To this rate is added the published inland rate from a given point to the various ports and the rate is said to "make" by that port which has the lowest combination. Any carrier is now at liberty to apply this combination through any other port, paying whatever it may find necessary for ocean transportation from that port and retaining the balance of the quoted rate for its own service. In this way, rates are in theory the same via all the ports.

No such system could be applied to this traffic through the ports in question without dire confusion. Under it there can be no such publication of the rate as is required by the Act to Regulate Commerce. There can be no maintenance of a fixed inland rate. The traffic must in all cases be moved upon a through bill of lading and the destination must be known when the rate is quoted and the traffic billed. In actual practice grain moves to the seaboard for export before it has been sold abroad, and it was stated upon this hearing that the same was true of flour. There is no suggestion that such a system could or would be adopted, and without it an equal through rate is impossible until ocean rates are named and maintained in the same way that inland rail rates are.

While, however, it would be impossible to secure by the application of any inland differential the same rate through all the ports it would be possible to say with confidence that if this were the proper basis of making the differential the present differentials are too high, for they undoubtedly exceed the difference in ocean rates. In our opinion they always have from the very first. While the Thurman Commission reported that rates from Philadelphia and Baltimore were higher than from New York by an amount substantially equaling the differentials, Mr. Fink, a much closer observer, with much better means of information, [68] stated in his report of 1881 that the difference in ocean rates was only about one-half the differential from Philadelphia, and something more than one cent less than the differential from Baltimore.

This Commission found upon the former hearing that the difference in ocean rates did not equal the differentials. We have now expressed the belief in our findings of fact that for the last seven years the difference in ocean rates has been materially less than the differentials. During all this time the inland differential has been in effect and for the last two or three years it has been strictly observed. It must follow, therefore, that the rate through Baltimore and Philadelphia has been distinctly lower than the rate through New York.

During all this time the ocean rate has been the result for the most part of free competition. Ships from Baltimore have obtained the highest rate possible. If inland differentials were made the same now to all these ports what must happen? Clearly the ocean rate must be lower from Baltimore and Philadelphia than from New York, for the through rate must be lower. There is no reason to suppose that an equal rate would take traffic in the future which has only moved on a lower rate in the past. The real question is, therefore, whether ships would continue to come to Baltimore and Philadelphia if they were obliged to accept lower rates from those ports than obtained from New York.

It is not to be supposed that every ship would leave Baltimore and Philadelphia at once, nor that every ship would ever forsake those ports. But vessels are not like railways; they can be taken to the best market. It fairly appears that in order to attract shipping, the ocean rate must be somewhat higher from Baltimore and Philadelphia than from Boston and New York. The reasons for this have been stated in our findings of fact and need not be repeated.

It has been said that equal rates through all the ports have never prevailed. To this the operation of the minimum freight agreement affords a brief exception. From January 1, 1902, until May 26, of the same year rates from all the ports to Great Britain were the same, so that the through rate was lower via Baltimore and Philadelphia by the full amount of the differ- [69] ential. On May 26, ocean rates from these ports were advanced by the amount of the differentials, thus making the through rate from the interior point to the foreign port the same, and this continued in effect for a few weeks. At the expiration of that time a readjustment of ocean rates was made so that the through rates via Baltimore and Philadelphia were lower than through the ports of New York and Boston by about one-half the differential, differing somewhat with different commodities. So far as this experience proves anything, it seems to show that while rates were lower through Baltimore and Philadelphia by the full amount of the differentials, traffic was unduly diverted from Boston and New York and

that when the through rate was made the same via all the ports there was an undue diversion to New York.

In view of the fact that Baltimore and Philadelphia have natural advantages in location, that Boston and New York have certain natural advantages in the way of ocean facilities, that it is impossible to make and maintain the same rate through all the ports, we think the true inquiry in adjusting this differential is, what will equalize the advantages of transportation through these various ports. What part of the advantage which Baltimore and Philadelphia enjoy on the score of the inland haul shall they be allowed to retain to compensate them for their disadvantage in the water haul.

The most important factor in determining the route is undoubtedly the rate. It was said in testimony upon the former investigation and has been repeated in this that a difference of from one-fourth to one-eighth of a cent a bushel will determine the port by which grain shall be exported. Other traffic is not equally sensitive, but it must follow with respect to this low grade freight that the through rate by all lines should be substantially the same. There are, however, other considerations. The item of insurance, quicker and more reliable service, more frequent sailings, the ability to reach a greater number of ports, superior banking facilities and better storage facilities all influence the movement of this traffic and in all these respects New York is superior to its competitors. The elements which enter into the problem are so various and so complex that it is mani- [70] festly impossible by any *a priori* process of reasoning to determine what inland differential will equalize all these advantages and disadvantages. This was the conclusion of Mr. Fink, of the Advisory Commission, and of this Commission upon the former investigation. It is our conclusion now. The best that can be done is to examine the effect of these differentials. They have been in operation for almost thirty years. They have not been during a large portion of that time strictly observed, during some portions of it probably not much observed; but there has been running through the whole period what amounts to an average observance, and for the last two or three years they have been well maintained. What does the result fairly show? Does this competitive traffic move through these ports freely or do these differentials give to Baltimore and Philadelphia a distinct and unfair advantage over New York and Boston?

In the examination of the statistics showing this movement, certain things should be kept in mind.

The total amount exported through these ports must decrease as compared with the total exports of the whole country. A glance at the map of the United States will show that the points at which these

exports originate are much nearer the Gulf than the Atlantic ports. In the early days of this business the South was prostrate from the effects of the Civil War. It had no railroads worth the name. To-day many lines of railway connect the grain fields and packing houses of the West with Galveston and New Orleans and the gradients and cost of operation upon those lines are such that traffic can be transported almost as cheaply per mile as to the Atlantic seaboard. These railroads are bound to carry a large part of this traffic to the Gulf. An examination of Table No. 3 shows the extent to which our grain and flour exports are being diverted from the Atlantic seaboard to the Gulf ports. Again within a comparatively few years Norfolk and Newport News have become important ports of export. Strong lines of railway have reached deep water at these points, have provided extensive facilities for the handling of this business, and will certainly insist upon a portion of it.

The history of the Erie Canal has an important bearing upon this question. In the early days of the export grain movement [71] the Great Lakes and the Erie Canal formed the cheapest avenue of transportation to the seaboard. At one time more than half the grain which reached the city of New York came by canal. It was that which gave New York its prominence as a grain exporting port. To-day the canal has almost ceased to be a factor in this situation and the effect of this upon the exports of that port must not be overlooked. As we suggested in the former case, New York has no vested right to the handling of this grain. The railroads which serve New York can no more claim to carry the grain which formerly went by canal than those leading to Philadelphia and Baltimore. With the dropping out of the canal there disappeared a factor which made powerfully for the port of New York. When the improvements to the Erie Canal which are contemplated are completed so that that water-way becomes once more an actual carrier of traffic, the effect will undoubtedly be to greatly increase the exports of grain and flour from that port in comparison with the other three ports involved in this hearing.

No comparison by single years is of much value. The causes which operate to induce a considerable movement of grain through one port and not through another are so various that no inference can be safely drawn from the history of a single season. The failure of a crop in a particular locality; the presence of large quantities of other freight at a particular port may have this effect. The last year upon which we had the statistics on the former hearing was 1896. New York stood aghast at the falling off in its exports of grain for that season. The differential continued the same through 1897 and 1898, and yet we

find that the percentage of New York had returned by the latter year to substantially its normal figure. Counsel for New York stated that the effect of the ex-lake differential was especially noticeable and yet it will be seen upon referring to Table No. 9 that in 1897 when the differential of one cent a bushel established by the Joint Traffic Association was in effect, Philadelphia obtained but 11 per cent. of the ex-lake grain, being the smallest with the exception of 1895 for the twelve years given in that Table.

An examination of these statistics seems to show that, beginning with the year 1878, the first full year after these differ- [72] entials had been established by the agreement of 1877, and coming down to the year 1894, New York has sensibly declined in comparison with the four ports considered as a whole, and that each of the other three ports has somewhat increased in comparison with New York. Boston at first gained, but for the last eight years has lost; Philadelphia at first lost and latterly has gained; Baltimore has fluctuated at different times, but on the whole is a substantial gainer. The decline of New York is, however, largely associated with the falling off in its canal traffic; thus, in the year 1878 the total number of bushels of wheat, corn, and flour, in bushels, exported through New York, Boston, Philadelphia, Baltimore, Norfolk, and Newport News was, according to a table quoted in the brief of New York, 175,000,000, in round numbers. Of this New York exported 54.1 per cent.; Boston, 6.8 per cent.; Philadelphia, 16.7 per cent.; Baltimore, 22.3 per cent.; Norfolk and Newport News, nothing. In the year 1903 the exports through the same ports were 135,000,000 bushels; of which New York had 37.5 per cent.; Boston, 9.6 per cent.; Philadelphia, 17.4 per cent.; Baltimore, 28.1 per cent.; Norfolk, 1.1 per cent., and Newport News, 6.3 per cent. In 1878 the canal brought to New York 64,000,000 bushels, while in 1903 it brought only 13,000,000 bushels. New York is still well in advance of any other one port. In the year 1903 it exported 44.4 per cent. of the grain, 38.2 per cent. of the flour, and 62.7 per cent. of the provisions passing out through the four ports. It should be remembered that the effect of these differentials is confined to low-grade traffic; practically all of the higher classes of freight still moves out through New York. It was said with truth upon the argument that the value of the exports and imports passing through a particular port has little weight as showing the amount of the traffic; yet it is somewhat significant that of all exports passing out through these four ports in 1893, New York exported in value 67 per cent., and that of the imports flowing in through these four ports New York had in value, that same year, 78 per cent.; of the whole United States, 60.3 per cent. It can hardly be said that there is any such marked diversion of traffic

from the port of New [73] York as would warrant the interference of Government to prevent it.

While holding in the former case that there was no such arbitrary interference with the movement of this traffic upon the part of the carriers as would constitute a violation of the Act to Regulate Commerce, the Commission did feel that the differentials upon grain were probably too large. This mainly arose from the fact that from various causes set forth in that report a differential of three cents was much more potential in sending traffic through the port of Baltimore in 1897 than it had been in 1877 or in 1882. Had we been acting in that case in the capacity of an Advisory Commission, we should probably have recommended the reduction of those differentials. They were in fact reduced one-half by the voluntary action of the carriers in 1899, and we are satisfied that the differentials of one cent and one and one-half cents, which were then established and which are still in effect, are sufficiently large. We feel now that perhaps the differentials on flour should be somewhat modified. That commodity moves to the seaboard under substantially the same conditions and at practically the same cost as grain; but is probably somewhat less influenced by the ocean rate than grain. About the only thing which is made reasonably certain by the statistical tables offered in evidence is that Boston has distinctly lost and that Baltimore and especially Philadelphia have distinctly gained in exports of flour. We are inclined to think that this differential should be made two cents at Baltimore and one cent at Philadelphia. We have no knowledge whatever as to the movement of iron and steel articles, in case of which these differentials were reduced in 1904, and can, therefore, express no opinion as to their propriety.

Boston insists that if Philadelphia and Baltimore are entitled to a differential against New York it is, for the same reasons, entitled to some consideration. We found on the former hearing that ocean rates from Boston had been lower than from New York, and since the inland rate has always been the same, this must indicate that the total through rate by the port of Boston, as well as by Baltimore and Philadelphia, must be lower than through New York. It appears from the evidence in this case [74] that at the present time ocean rates are substantially the same from both these ports. It is, therefore, possible that in the future it may become evident that Boston cannot fairly compete for this traffic upon the present basis; but we do not feel that the record before us would justify that inference to-day. We desire to call especial attention to the fact that these differentials have not been fully

observed for a sufficient length of time to indicate exactly what their effect may be when strictly maintained through a series of years.

The immediate cause of this investigation was the controversy over the differential on ex-lake grain. That question was incidentally referred to in the former case, but not much considered. It was there said that this grain originated at the same point, whether it reached the port of export by the all-rail or the lake-and-rail route, and that since the purpose of the differential was to distribute the traffic between the different ports, the same reason which justified a differential in one case would apply in the other. It would follow from this reasoning, that the differential in both cases ought to be the same.

Further reflection leads to the conclusion that the position taken in that opinion is not altogether tenable. The origin of the grain is the same in both cases and the traffic is therefore strictly competitive. It should not be regarded as originating at Buffalo since it is only there temporarily in transit; but there is another feature of the case which deserves attention.

Distance is important as already observed only in so far as it affords a measure of the cost of transportation. One point may be nearer another in miles, but more distant in cost of carriage. Now, the cheapest route by which this grain can reach the seaboard from its point of origin in many cases is by rail to Chicago, by water from Chicago to Buffalo and by rail from Buffalo to the port of export; and this is so if we entirely disregard the Erie Canal. It is a natural advantage of the port of New York to be located on this route. By this route the distance to New York, in cost of transportation, is no greater than to Philadelphia and Baltimore. When this grain arrives at Buffalo there is, therefore, no reason growing out of the greater proximity of [75] Baltimore or Philadelphia to the grain fields which justifies or requires a lower rate to those ports. It has been seen, however, that the purpose of the differential is to distribute this competitive traffic between the different ports. It has also been seen that the ocean rate through Baltimore and Philadelphia is somewhat higher, except on cargo business, of which none is now done, than through the ports of New York and Boston. If this grain reaches the seaboard by the all-rail route, the advantage of Baltimore is taken away in favor of New York and Boston to the extent of one and one-half cents per hundred pounds, and we think that when the same grain arrives at Buffalo it is proper for the same reason to take away something from the ocean advantage of New York in favor of Baltimore.

This ex-lake grain may move through either Fairport, Erie, or Buffalo. Fairport and Erie are in differential territory, so that rates

from these two points would be, upon the ordinary basis, lower to Philadelphia and Baltimore than to New York. But it was said in testimony that with respect to this ex-lake grain these three lake ports should be treated alike; and such is our opinion. To apply a lower rate to Fairport and Erie would be unjust to Buffalo. There is now in effect, pending the disposition of this matter by the Commission, a differential on this traffic of four-tenths of one cent per bushel in favor of Baltimore. We are inclined to think that this should be modified a little and as modified extended to Philadelphia, and we believe that if this is done the differential so enjoyed by those two ports upon this traffic will certainly not exceed the average for the last fifteen years.

It may be asked with some reason why a distinction should be made in the amount of this differential between this ex-lake traffic and that which reaches these ports by the all-rail routes. Our answer is: These four cities are all seaports. This is a fundamental advantage of location which entitles each and every one of them to participate in this export business and the public interest requires that this right shall be recognized. But each has certain subsidiary advantages peculiar to itself which should be preserved in so far as is compatible with free competition. It may well be, therefore, that Baltimore should be given a some- [76] what more favorable rate on all-rail than on rail-and-water traffic, for it possesses an advantage in the former case which it has not in the latter.

New York insists that the effect of these differentials is to force traffic out of natural channels into unnatural and more expensive routes, and that the final effect is to impose an enormous burden upon the public. With respect to all-rail traffic this premise of fact is not well taken. The actual cost of delivering grain into the hold of the ship from the average point of origin is probably three cents per hundred pounds less at Baltimore than at New York. The cost of the ocean transportation from Baltimore may be somewhat greater although New York and Boston have strenuously affirmed the contrary. Hence traffic which passes through New York and Boston under the operation of these differentials is forced into a more expensive route than as though it passed out through Baltimore.

With respect to this ex-lake grain, the assumption of New York may be correct, but we do not think this consideration should be controlling. To decree that traffic should always move by the cheapest route would be to entirely eliminate competition, which, within reasonable bounds, is for the interest of the general public.

It was also strongly urged upon the Commission by the representa-

tives of New York and Boston that the desire of the lines serving those ports was to eliminate the present differentials by a reduction in the export rate to those ports, and it was said that this must, in the nature of things be a permanent reduction and that, therefore, it would result in a substantial saving to the public.

It seems probable that if the differentials were to be wiped out at the present time this would be done by applying at Boston, New York, and Philadelphia, upon export traffic, the domestic rate to Baltimore. It is also true that this export rate could not be advanced without advancing the Baltimore domestic rate, since it would be impossible to maintain at that port a higher rate on export than on domestic business. But what possible guaranty is there that the domestic rate at Baltimore would not be advanced? In 1902 domestic rates to all these ports were [77] raised, and although this Commission found that the advance was unjustifiable it has been kept in effect except during the season of lake navigation. The present export rate is four cents lower than the domestic rate at New York. If that domestic rate is too high it ought to be reduced, but we do not think it would be just to the communities affected nor to the lines serving those communities, nor that in the end it would benefit the general public to deprive the ports of Philadelphia and Baltimore of the ability to compete for this traffic.

We have not considered westbound differentials applicable to import traffic since there are no facts in this record upon which to base an opinion. With respect to export differentials we conclude: that the differential on flour both all-rail and lake-and-rail should be 2 cents per hundred pounds at Baltimore and 1 cent per hundred pounds at Philadelphia; that there should be allowed both Baltimore and Philadelphia a differential of $\frac{3}{10}$ of 1 cent per bushel on ex-lake grain; that otherwise the present differentials should remain in force. This is not a proceeding in which the Commission could make an order, nor do we intend to intimate that the facts appearing would justify an order in any proceeding. Our impression is that the above modifications would be fair to the various communities and lines of railway interested, and that it is in the public interest that these differentials should be so adjusted that all the ports and the various lines serving them may fairly compete for this traffic.

CLEMENTS, *Commissioner,* dissenting:

I cannot join in the suggestions of the majority, which are in effect recommendations for the avowed purpose of the fixing of differentials in freight rates on export traffic moving through the respective ports

in question and between the competing railroads leading thereto. It is said in the report, "it has been seen, however, that the purpose of the differential is to distribute this competitive traffic between the different ports;" also "the real question is, on what basis shall rates be equalized through the various ports." Again it is said, "when the Commission examined this subject in the *Produce Exchange case* * * * its only function was to determine whether the Act to Regulate [78] Commerce had been violated. Our relation to the subject to-day is a broader one, certainly if we comply with the request of the petitioners at whose instigation this proceeding was instituted. We are to say, not whether these differentials are lawful merely, but whether on the whole, considering the interests of all parties, they are fair."

If this were a proceeding against a carrier reaching by its lines all of the ports in question it would be within the jurisdiction of the Commission to deal with the differences in rates as discriminations between localities by such carrier and, if found undue, to condemn them. In the case of *Kemble* v. *The Lake Shore & Michigan Southern Railway Company* (*ante*, p. 231), referred to in the report, the complaint was against carriers making a through line both to Boston and to New York, so that the question presented was that of discrimination by the same line as between the two places, both being served by it. But there is a manifest and radical difference between a matter of discrimination like that by a carrier between places on its line, and which is clearly covered by the provisions of the third section of the Act to Regulate Commerce and the fixing of differentials in rates to or through the various ports and over independent and competing railroads. In the latter case the law has undertaken to leave the free play of competition to adjust rates, subject only to the requirements made of each carrier that its rates shall be reasonable and just and shall not unduly discriminate between commodities or between persons and localities reached or served by it and that duly established and published rates be observed. The foregoing report proceeds upon the idea that there is some legitimate and ascertainable standard of fairness by which there can be fixed a limited and proper degree of competition and measure of distribution of the traffic between the ports and carriers other than that wrought by competition. The law undertakes to fix no such standard or limitation; nor does it authorize the Commission to do so even for the purpose of putting to rest these questions so long and so often involved in competitive contests between carriers. The futility of the undertaking of the Commission to do so is illustrated in the following admission contained in its conclusions:

[79] "We have endeavored to find some fundamental principle by the application of which this dispute might be laid at rest, but entirely without success. It is said that a fair differential is one which would give to these several ports the traffic to which they are entitled. It is also said that these several ports are entitled to what of this traffic they can obain under a fair differential."

The findings declare, "there is no testimony in this record which attempts to show the relative cost of handling this traffic," yet the question of a differential in rates is intimately connected with the question of the reasonableness of the rates involved, and cost of service is one factor of too much importance in connection therewith to be ignored. It is not enough to say that equalizing the export rates is but taking into account the carriage from origin to destination and taking from the inland rate as compensation the post-terminal charges from the out-ports, for on this point the findings are no more satisfactory. They say, "it is therefore impossible to find with any degree of confidence what the rates from these ports have been." The higher insurance rates to be compensated are quite as elusive. These it is said "would be in the long run a real disadvantage against these ports, but there is no testimony in this case from which we can place any exact figure upon this disadvantage," but the differentials are to be fixed to the fraction of a cent. The futility of the undertaking is further illustrated in the following declaration found in the opinion:

"There is no just principle which would compel this company against its will to apply at New York the same rate as at Philadelphia, when the cost of rendering that service is distinctly greater. It might, as a matter of competition, see fit to do so, but it could not in justice be compelled to." It is further said: "If, again, it can be properly done these rates should be so adjusted that this competitive traffic will be fairly distributed between the different lines of railway which serve these ports."

Thus it is seen the purpose and effect of the conclusions is to declare what differences in rates the railroads should make to the four ports for the purpose of distributing the business. Whether the carriers see fit to follow the suggestions of the Com- [80] mission, which they are, of course, in no sense bound to do, or decline to accede to the same will, in my opinion, leave the Commission in an embarrassing attitude. If they refuse we are powerless to enforce the recommendations, yet compromised in any subsequent proceeding against finding other as reasonable rates. If they acquiesce we will have gone beyond our authority to interfere in the course of trade, determining the direction and destination of commerce, a matter with which we are not charged.

To-morrow we may be called upon to determine what share the Gulf ports may have, and the Gulf roads may carry; the next day to fix the proportion to which the Pacific cost is entitled.

While the situation justified the inquiry, the facts disclosed do not, in my judgment, justify the conclusions reached for the reason that I believe they do violence to the great principle of competition which the Congress and the Supreme Court have so jealously and consistently nourished as one of the fundamental rights of the public. In declaring as between competing lines and competing ports what differentials shall govern, assuming that they will govern, we hamper competition, and by this regulation of distribution effect in reality a division of territory, a division of traffic and a division of earnings, which in substance and effect tend to defeat not only the purposes of the anti-trust act against the restraint of trade, but the pooling provision of the Interstate Commerce Act, with the enforcement of which the Commission is charged.

In this thirty years' contest over the traffic under consideration there have been truces and arbitrations before this; but when Mr. Fink was chosen it was by the carriers, and when Judge Cooley and his associates, the Advisory Commission, were called in 1882, it was by the carriers. When Judge Cooley was called in 1886 on western differentials it was by the carriers. And these arbitrators did what? They left, as they were doubtless expected and as they were bound to do, conditions as they found them. The carriers by competition and every device in economy human ingenuity could invent had reached in these years of struggle, competition and the natural course of trade, results which were not satisfactory to all of the communities and [81] to shippers, and to satisfy these, disinterested non-carriers were called in to give a lay opinion and pleading lack of information and substantial justice they approved what they found and the differentials were accordingly left undisturbed while the truce lasted.

May competing carriers lawfully effect through the agency of the Commission restraint of competition and trade by a division of traffic between themselves and the ports when to do the same thing through an agency of their own would be unlawful? I think not.

The expectation of putting these questions to ultimate rest could spring only from a Utopian dream. Their permanent rest is perhaps neither practicable in view of the interests of the ports and carriers nor desirable in the interest of the public.

The unmolested freedom of competition by lawful methods permitting the free course of traffic is more likely to give to each community and carrier the fair and just rewards of its enterprise and public spirit

and just rates to the public than any devised plan of fixed differentials between competing carriers to compose conflicting interests by apportionment of the traffic and which in the nature of the case must be more or less arbitrary. It is at least safe to keep within both the spirit and letter of the law.

MEMORANDUM.

Filed June 23, 1905.

PROUTY, *Commissioner:*

Soon after the promulgation of the opinion of the Commission in the above investigation a communication was received from the Boston Chamber of Commerce calling attention to the fact that the application of a uniform differential of three-tenths of a cent per bushel upon all kinds of ex-lake grain would result in allowing almost twice as great a differential per hundred pounds upon oats as upon wheat. It was also stated that whenever in the past differentials had been agreed upon by the carriers, they had been only about one-half as much per bushel upon oats as upon wheat and corn.

Upon receiving this communication we addressed to the different parties in interest a circular asking, first, whether the statements of the Boston Chamber of Commerce in reference to the amount of the differentials in the past were correct, and, second, whether a differential by the hundred pounds could be applied to this ex-lake traffic.

Replies from the various parties in interest have just been received. Baltimore states that the differentials given are not correct. Philadelphia admits that in the past the differential by the bushel has been at times lower upon oats than upon wheat and corn, but does not admit the correctness of those given, and states that the differential of four-tenths of one cent per bushel applied to all grains.

An examination of the record fails to disclose any evidence tending to show what differential has been applied to ex-lake oats. No allusion to this subject is found in any of the briefs which were submitted, nor was it referred to upon the oral argument. Upon having our attention called to the matter it seems proper to state:

The Commission intended to recommend a differential upon this ex-lake traffic of approximately one-half a cent per hundred pounds. Inasmuch as the rates were uniformly named in cents per bushel, and inasmuch as the differentials in the past had usually, if not uniformly, been expressed in the same way, we inferred that the differentials found by us had better be so stated. In considering the equivalent of one-

half cent per hundred pounds by the bushel, we had in mind wheat and corn, and overlooked the great difference in weight between those grains and oats.

The answers to our circular, together with what information we have, rather indicate that as a practical matter these ex-lake differentials should be named in bushels; and, it is also our opinion that the differential upon the heavier grains should be somewhat greater than that upon oats and barley. Since it is hardly practicable to state in case of the different grains the exact differential per bushel which would be equivalent to one-half a cent per hundred pounds, we think that the differential on wheat, corn, and rye should be three-tenths of a cent per bushel, while that upon oats and barley should be one-sixth of a cent per bushel. It may savor somewhat of *de minimis* to distinguish between a differential of three-tenths of a cent and one-sixth of a cent per bushel, but it must be remembered that upon the testimony in this case one-eighth of a cent per bushel often determines the route which this traffic shall take; while, as appears from Table 8 in the original report, the quantity of ex-lake oats and barley is very considerable in volume.

SAGINAW BOARD OF TRADE, ET AL.,

v.

GRAND TRUNK RAILWAY COMPANY, ET AL.

17 I. C. C. 128.

SAGINAW BOARD OF TRADE, ET AL.,

v.

GRAND TRUNK RAILWAY COMPANY, ET AL.

Decided June 8, 1909.

(17 I. C. C. 128.)

1. The percentage of the Chicago rates, adopted by defendants as a basis for fixing the rates from Atlantic coast territory to Saginaw, Flint, and other points in the Saginaw Valley, is not found, under the circumstances of the case, to be too high, when compared with the percentages that fix the rates enjoyed by other groups in adjacent territory.
2. The proximity of Detroit and Toledo to the great channels of through transportation and their location on direct through routes where the density of traffic is very great and the general operating and traffic conditions are favorable, are elements that cannot be ignored by the rate maker and must necessarily tend to lower rates than can be accorded to communities that are removed from these great streams of traffic.
3. The general foundation upon which rests the whole structure of eastbound and westbound rates in the "percentage-basis" territory described and discussed.

John B. Daish and *Frank F. Kleinfeld* for complainants.

G. W. Kretzinger for Grand Trunk Railway Company and Central Vermont Railway Company.

O. E. Butterfield for Michigan Central Railroad Company; Boston & Albany Railroad Company; Cleveland, Cincinnati, Chicago & St. Louis Railway Company; Lake Shore & Michigan Southern Railway Company; New York Central & Hudson River Railroad Company, and West Shore Railroad Company.

James H. Campbell for Pennsylvania Company and Pennsylvania Railroad Company.

Charles M. McPherson for Pere Marquette Railroad Company.

NOTE:—The importance of this report lies in the description of the method of fixing the relation of rates between points in Central Freight Association Territory from and to which, the Atlantic Seaboard cities considered, differential rates apply. The method herein described was adopted in the same year as the Differential Agreement (*ante*, p. 1) was made.

In a letter to the author, Mr. C. S. Wight, General Freight Representative of the Baltimore & Ohio Railroad Company, who was in railway service at the time of the adoption of the differentials, states:

"When the present eastbound differentials of 3 cents per 100 pounds in favor of Baltimore and 2 cents per 100 pounds in favor of Philadelphia, as against the Port of New York, was first established, it was a compromise basis, for the reason that all eastbound rates to New York were based upon the McGraham Percentage Table and it would have been difficult and confusing to establish different differentials from different western territories; therefore, a general differential applying to all Central Freight Association territory was agreed to."

REPORT OF THE COMMISSION.

HARLAN, *Commissioner:*

The Saginaw Board of Trade, composed of merchants and shippers engaged in business in the city of Saginaw, in the state of Michigan, and organized for the purpose of promoting the growth of that community and the extension and increase of its commerce, has joined in this complaint with the Flint Improvement League, an association performing a like function for the city of Flint, in the same state, with the object of securing reduced rates on all classes of freight and com-
[129] modities between the Atlantic coast territory and the cities of Saginaw and Flint and other points within the counties of Saginaw and Genesee. These counties are hereinafter referred to as the Saginaw Valley and form a part of a rate group known as the 92-per-cent. zone. The proceeding was instituted not only in the interest of the members of the two associations, but also on behalf of all receivers and shippers of freight, manufacturers, jobbers, wholesalers, and consumers in the Saginaw Valley. Upon the hearing much testimony was taken before the record was closed; but shortly after the case had been submitted on briefs and while it was under advisement by the Commission, the complainants filed a motion asking that the record be reopened for the taking of further testimony. The motion was granted and the testimony of numerous additional witnesses was thereupon heard. The case was then again submitted on briefs. Its consideration has been delayed by an intimation from the Michigan railroad commission in December last of its purpose to file a complaint praying for a general reduction in rates to and from all points in the lower peninsula of Michigan, including Saginaw and Flint. But as no such petition has been filed we proceed now to dispose of the complaint upon the record before us.

No complaint is made of the inherent reasonableness of the Saginaw Valley rates when considered by themselves. The controversy involves only the relation of those rates with the class and commodity rates of other groups or zones in the same general locality.

The groups whose rates are thus brought into comparison are a part of an extensive rate system originally established in 1877 by the lines serving the territory that lies east of the Mississippi River and north of the Ohio River, now frequently referred to as the percentage basis territory. This territory is practically coterminous with what is known as Central Freight Association territory and embraces Illinois, Indiana, Ohio, and the peninsula of Michigan. It also includes certain ports on Lake Michigan in the state of Wisconsin; it takes in Louisville and the south shore of the Ohio River in northeastern Ken-

tucky; it includes the northwest corner of the state of Pennsylvania, and extends to a portion of the province of Ontario lying just north of Lake Erie and Lake Ontario. Within these boundaries there are about 8,000 railway stations which have been divided or segregated for rate-making purposes into what are called percentage zones. The rates to and from these groups are made up upon a system, commonly called the percentage zone system, that is not in use elsewhere in the United States.

Under the plan first adopted the system embraced only junction or competitive points. The rate from Chicago to New York was taken as the unit or 100 per cent. basis, and the rates to Atlantic coast territory were fixed at a percentage of the rate from Chicago to New York, the several junction or competitive points taking rates higher [130] or lower than the Chicago rate as they were less or more distant from New York, by the shortest route "worked or workable," than was Chicago. This made practically a distance tariff. But after several years of actual experience with it that plan was modified and the rates now in effect were worked out on the following general basis:

From an assumed rate of 25 cents from Chicago to New York there was first deducted the sum of 6 cents to represent the fixed terminal expenses at the points of origin and destination. The remaining 19 cents represented the assumed charge for the rail haul exclusive of any service at either terminal. This rate being divided by 920, that being the accepted short-line mileage from Chicago to New York, yielded a rate per mile of 0.0206 cents for a movement from Chicago to New York under the assumed rate; and this rate per mile was used as the factor for establishing an assumed rate from any particular junction or competitive point on the basis of its mileage to New York. That factor or rate per mile multiplied by the number of miles from the particular point to New York gave an assumed rate for the rail haul from that point exclusive of any terminal service at either end of the movement. To that assumed rate the 6 cents was again added to cover the terminal expenses at the points of origin and destination. The result gave an assumed rate from the particular point to New York, including the terminal charges. And the percentage which this assumed rate bore to the assumed rate of 25 cents from Chicago to New York determined the percentage of the Chicago rate which the particular point would take on any given class of merchandise.

That is the general foundation upon which rests the whole structure of eastbound and westbound rates in the percentage basis territory. The system has no official character—that is to say, its bases have not been filed with the Commission. It was simply a general understand-

ing intended as a guide to rate makers in establishing the specific rates that are published and filed with the Commission and govern traffic between the Atlantic coast territory and points in the territory, the boundaries of which have just been described. In order to avoid the charge that such rates were the result of a concert of action between the carriers serving those territories, it was understood, as we are informed, that the system should be a minimum system of rates and not a maximum system. Theoretically it was also intended to apply only in the construction of rates to and from junction and competitive points. The rates to and from noncompetitive points were made up originally by adding a local or arbitrary rate from such points to some nearby junction or competitive point to which a rate percentage had been assigned. But in the progress of time the system was subjected to gradual modifications resulting in the extension to adjacent noncompetitive points of the rate to or from the junction or competitive point, thus eliminating the addition of the local or arbi-
[131] trary rates just mentioned. Moreover, while the system was intended to afford a minimum basis only, as a matter of fact the minimum percentages in the course of time became the maximum rates. The extension to adjacent points of the rates to and from nearby junction and competitive points resulted in the formation of rate zones or groups of arbitrary shape and varying size, in some cases projecting into two states, all points in a particular group taking the same percentage of the Chicago-New York rate on traffic to and from the Atlantic coast territory.

The general nature of the system may be illustrated by reference to one or two representative points. Springfield, in the state of Ohio, for example, is in the 82-per-cent. zone. Xenia is the basing point for that group. Its distance to New York at the time this system was established was 700 miles. If, now, we multiply the factor referred to, namely, 0.0206, by 700, we get 14.42 cents; and if to this we add the 6 cents representing the terminal expenses at both ends of the movement, we get 20.42 cents as an assumed rate from Xenia to New York, which is 81.7 per cent. of the assumed rate of 25 cents from Chicago to New York; and under the application of a general rule for the disposition of fractions resulting from such computations, a fraction exceeding one-half of 1 per cent. is considered a full per cent. A percentage of 82 is thus arrived at as the basis for constructing the rates from that group, and the rates from Springfield are therefore 82 per cent. of the Chicago-New York rates. Again, Fort Wayne, in the state of Indiana, is in a 90-per-cent. zone. In arriving at that percentage, Muncie was taken as the basing point. The distance from Muncie to Lima via

the Lake Erie & Western is 85 miles, and the distance from Lima to New York via the Pennsylvania lines, before they were reconstructed east of Pittsburgh, was 713 miles, making a total distance of 798 miles by the shortest route "worked or workable." If the same factor be multiplied by 798 we get an assumed rate from Muncie to New York of 16.44 cents, exclusive of terminal charges. Adding 6 cents to cover those expenses, we arrive at an assumed rate between those points of 22.44 cents, including terminal charges, which is 89.76 per cent. of the assumed rate of 25 cents from Chicago to New York. The specific rates from Fort Wayne as published by the trunk lines are therefore made up on the basis of 90 per cent. of the Chicago-New York rates, the 0.76 of 1 per cent. being taken as a whole per cent.

In building up the system efforts were made to avoid, so far as possible, all infractions of the long and short haul clause of the act. The boundaries of the groups are the lines of railroads, and the point around which each group has been constructed as a basing point is ordinarily the most distant point from New York in the group by the most direct workable route. Water competition and the participation by **[132]** north and south lines, such as the Monon, in the traffic between the Atlantic coast territory and the percentage-basis territory, as well as other competitive elements, have naturally had some effect in the shaping of the several zones. New roads have been built and new routes established since the percentages of the several groups were originally assigned, and this in some instances has resulted in material changes in rates. Newly developed traffic and other conditions have also been considered and from time to time have led to alterations in the percentages of some points. Although the effect of these influences on the form and boundaries of the percentage zones is not without interest, it will not be necessary to dwell here upon these features of the system. While it is not always a simple matter when examining a map of the percentage group territory to understand and at once comprehend the causes that have produced zones or groups of such irregular outline, nevertheless a careful study of particular groups, and some knowledge of the transportation conditions that surround and affect them, have given us the general impression that their boundaries have been established upon substantial and presumably sound grounds. The fact that no group rates in this country have been subjected to less criticism than the rates to and from the percentage-basis territory and the Atlantic coast is some evidence of the care with which the system has been developed. So far as a cursory examination of the records of the Commission has disclosed, there have been, until this petition was filed, but three other formal proceedings since

the organization of the Commission in 1887, in which complaint was made of the percentage assigned to a particular group: *Detroit Board of Trade* v. *Grand Trunk Ry. of Canada*, 2 I. C. C. Rep. 315; *Pratt Lumber Co.* v. *C., I. & L. Ry. Co.*, 10 I. C. C. Rep. 29; *Green Bay Business Men's Association* v. *L. S. & M. S. Ry. Co.*, 15 I. C. C. Rep. 59. Moreover, the enormous commerce that proceeds to and from Central Freight Association territory has not only adjusted itself to this system of rates, but shippers engaged in that commerce have thoroughly understood it for a score and more of years. While traffic and transportation conditions will doubtless change from time to time and thus necessitate alterations in the zone boundaries, such modifications must necessarily be made with deliberation and only upon adequate grounds.

As heretofore stated, the complainants make no attack upon the reasonableness, in and of themselves, of the rates now offered by the defendants to the shippers, merchants, and manufacturers of Saginaw Valley. The claim is simply that the percentage adopted by the defendant carriers to fix the rates for Saginaw Valley is too high when compared with the percentage that fixes the rates enjoyed by other groups relatively located and where the conditions of traffic and transportation, as the complainants allege, are substantially similar. The [133] comparison upon which the alleged discrimination is based is made more particularly with the Toledo-Detroit group or zone. The Saginaw Valley group, as stated, takes rates that are 92 per cent. of the Chicago rates. Toledo and Detroit are in a 78-per-cent. zone. The result, at the time of the first hearing of the complaint, was a relation of rates between the two groups that enabled the jobbers and wholesalers of Toledo and Detroit to distribute their merchandise at many points in northern and western Michigan at a slightly less cost for transportation than it costs the jobbers and wholesalers of Saginaw Valley. The more favorable percentage rates into Detroit and Toledo and the adjustment of the local rates out gave this advantage to Detroit and Toledo merchants.

These differences in the aggregate through charges to points of consumption, when in favor of Detroit and Toledo, had to be absorbed by the jobbers and merchants of Saginaw Valley, at the time the complaint was filed, in order to enable them to compete with the jobbers of Toledo and Detroit in that part of the state of Michigan which the complainants regard as tributary to the distributing points of Saginaw Valley. But after the first hearing, as we were assured at the second hearing, these inequalities were corrected by the Pere Marquette Railroad by a readjustment of its local rates out of Saginaw Valley in such manner as to enable the wholesale merchants of Saginaw now to dis-

tribute their wares to points in northern and western Michigan at an aggregate cost for the entire transportation from eastern territory that is no longer in excess of the total cost of transportation paid by the wholesale merchants of Detroit in order to reach the same destinations. The sum of the local rates from eastern points to the western points in question is now the same, as we are told, whether based on Saginaw or on Detroit. Assuming the accuracy of these statements and also of the statement that the Grand Trunk local rates were never out of alignment in that regard, much of the substance of the grievance alleged by the complainants has already been removed. But counsel for the complainants denies that the corrections have been made as stated, and cites Lansing as an instance where the sum of the local rates via Saginaw is still higher than the sum of the local rates based on Detroit. We do not see, however, that Lansing may fairly be regarded as tributary to Saginaw; and as we are referred to no other instance of inequality the statement that a readjustment has been effected must be taken as well founded.

There remains for examination the allegation that the percentage assigned to the Saginaw Valley group is too high when compared with the percentages assigned to other groups in adjacent territory. In this connection the complainants contend that, inasmuch as Saginaw Valley is situated between the eighty-third and eighty-fifth meridians, the Saginaw rates should be on a relatively equal percentage with all **[134]** other points between those meridians, including Detroit and Toledo and points in southeastern Michigan and western Ohio. The percentage system, however, was not based on longitude, and we need not stop to consider the reasonableness of the Saginaw Valley rates from a point of view that attaches no significance to transportation or traffic conditions, and concedes no importance to the other factors upon which the system largely rests.

The record does not give us the history of the Saginaw percentage. Our own investigations indicate, however, that no specific percentage was used in connection with Saginaw rates until January 28, 1890, when the westbound rates from New York to that point were equalized with the rates to Chicago by being adjusted on a 100 per cent. basis. Apparently the schedules were again revised in 1892, and on May 2 of that year the Saginaw rates were reduced to the present 92 per cent. basis. In the meantime, as is to be inferred from the information before us, the rates to and from Flint, which is some distance south of Saginaw and more adjacent to the direct through lines, had already been fixed on this percentage, arrived at on the basis of the mileage by the Flint & Pere Marquette Railroad from Flint to Toledo and

thence via the Pennsylvania lines to New York. This route at that time involved a haul of 828 miles, and on the formula heretofore explained gave to Flint rates that were 92 per cent. of the Chicago rates. The revision of 1892 resulted in the extension of this percentage to Saginaw. It is our understanding also that at that time the mileage of the Grand Trunk from New York through the Buffalo gateway to the Saginaw Valley was about the same through Port Huron as through Detroit, and involved a haul of 823 miles which, worked out on the formula, would put Saginaw practically on the 92-per-cent. basis. Since that time the Grand Trunk, having acquired a number of small Canadian roads, has through that means and by the reconstruction of old lines reduced its distance from Port Huron to Buffalo from 229 to 196 miles, and has otherwise shortened its route to Saginaw through Port Huron. Port Huron is therefore the gateway to Saginaw that now gives the short line over that road. It is interesting, however, in this connection to note that Durand, which is well to the south of Saginaw, was then in the 95-per-cent. group and was reduced to a 92-per-cent. basis in order that the Grand Trunk might use that route to and from Saginaw without violating the fourth section of the act. Such, as we understand the matter, is the history of the present Saginaw percentage. It is based on the mileage through Toledo and is in substantial accord with the old mileage of the Grand Trunk through Detroit.

But the complainants contend that the short line at this time from New York is not through Toledo, but through the Niagara frontier, and involves a haul to New York of only 731 miles. It is also said **[135]** that a large proportion of the Saginaw tonnage takes that route. They insist that Saginaw is therefore entitled to a rate basis of 84 per cent. according to the general formula underlying the percentage basis system. Comparing the distance of Saginaw from New York by the Niagara short line with the mileage from Kalamazoo, Detroit, Muskegon, Toledo, Dayton, Cincinnati, Marion, Middlefield, Indianapolis, Connersville, and other important centers in Michigan, Ohio, and Indiana, the complainants insist that Saginaw is entitled to that percentage, and ought to be put on an 82-per-cent. basis, when its short-line mileage through the Niagara frontier is compared with the short-line mileage of Detroit and Toledo. That contention, however, is based on a single factor in the situation, namely, the present short-line mileage of Saginaw, and not upon a general view of the whole rate adjustment of which Saginaw forms only a modest part.

The proximity of Toledo, Detroit, and the other communities named in the complainants' comparison, to the great channels of through

transportation, their location on direct through routes where the density of traffic is very great and the general operating and traffic conditions are favorable, are elements that can not be ignored by the rate maker and must necessarily tend to lower rates than can be accorded to communities that are removed from these great streams of traffic. The Saginaw Valley lies well to the north of the through lines between Chicago and New York and is more or less remote from the direct current of the great volume of interstate movements between the east and the west. While there is a substantial traffic to Saginaw and Bay City there is comparatively little traffic through and beyond either point. These facts ought to have and necessarily must have a material influence when considering the relation between the Saginaw Valley rates and the other group rates to which the complainants refer. But in demanding an 84-per-cent. basis on behalf of Saginaw Valley the complainants have disregarded all such circumstances and have also failed to take into account the effect that such an order as they demand would have on the general rate adjustment in the peninsula of Michigan.

Jackson, which is 769 miles from New York by its shortest lines, is in the 92-per-cent. zone with Saginaw, yet no complaint as to its rates has been made on its behalf. Nor has any complaint been made by the numerous other points in that zone. If its mileage alone be considered Jackson ought to be on an 87-per-cent. basis. Lansing, which is 763 miles from New York by its shortest line, is in the 95-per-cent. zone next west of the Saginaw zone. No complaint has been made as to its rates, although the formula, on its exact short-line mileage, would give Lansing rates based on 87 per cent. of the Chicago rates. Throughout the 95-per-cent. zone, and throughout the 96-per-cent. zone [136] that intervenes before we reach the 100-per-cent. Chicago group, are numerous points of more or less importance, and with short-line distances to New York greater than the short-line mileage of Saginaw by from only 30 to 75 miles. And yet no complaint has been made as to their rates. Nothing can be more certain, however, than that a reduction of the Saginaw and Flint rates to an 84-per-cent. basis, as demanded, would throw all the peninsula rates into confusion and would be followed at once by demands from all these points for corresponding reductions in their percentages; for an examination of the zone map could not fail to lead the merchants and shippers of these other communities to the conclusion that the present rates are adjusted on a reasonable and a fairly logical relation and that any reduction in the Saginaw rates ought therefore to be followed by a like reduction in their rates. It may be well here again to call attention to the fact heretofore stated that as a rule the extreme point in each zone is used as the

basing point for fixing a percentage for the whole zone. As in all group systems there is, therefore, an inequality in rates when distance alone is considered, as between points on one side of a group and the points on the other side. This is particularly true of the 96-per-cent. zone to which attention has been called. It is no less true of the 92-per cent. zone in which the Saginaw Valley is located. If, therefore, Saginaw and Flint are to be dealt with separately and on the basis of their own short-line mileage regardless of all other considerations, we shall be forced to deal with each point in other groups separately, and thus lead to the gradual disruption of a rate system which is now quite an old one and, as heretofore stated, has seldom been attacked before the Commission.

There is still left for consideration the alleged discrimination in favor of Detroit and Toledo. When asked at the second hearing whether the percentage upon which the Detroit and Toledo rates are based was the result of water competition the rate experts for the defendants stated that they had not understood that water competition had at any time affected the rates to and from those points. Their view was that such competition was not the explanation of the 78-per-cent. basis on which those rates are established. We are strongly inclined to think, however, that in this they were mistaken. There can be no doubt that the location of Detroit upon the St. Clair River, in the very heart of lake navigation, is in part at least the explanation of the growth of that community to its present dimensions and importance. There can be scarcely less doubt of the favorable effect of its water facilities upon the growth and prosperity of Toledo. The history of the percentage now enjoyed by both places shows, as we understand it, that it was the result, if not of actual water competition, at least of a very strong potential competition arising from their location on the lakes. On April 13, 1876, Detroit was on an 85 and Toledo on a
[137] 78-per-cent. basis. On June 23, 1879, the basis as to both points was made 81½ per cent., which on April 14, 1880, was reduced to 75½ per cent. That, however, was regarded as too low, and on June 1, 1883, both points were put on a 78-per-cent. basis, which is still in effect. This level of rates was arrived at, as we are advised, by taking 714 miles as the distance of Toledo from New York, and putting Toledo on an exact mileage basis as compared with Chicago, then, as now, taken for rate-making purposes as 920 miles distant from New York. As a concession, as we understand it, to water competition or to a highly potential water competition, the formula, heretofore referred to as the underlying basis of the system, was departed from in this instance by ignoring the deduction of 6 cents for terminal charges, thus giving

to Toledo a relation of rates in exact accordance with its mileage as compared with the Chicago mileage. This resulted in a percentage of 77.6, and following the rule for the disposition of fractions the 78-per-cent. basis was arrived at. And in view of the close alliance of the commercial interests of Toledo with those of Detroit that basis was also made effective at Detroit. This relation of rates was questioned by the Board of Trade of Detroit in a proceeding before us against the Grand Trunk and other railroads (2 I. C. C. Rep. 315); but, upon a careful consideration of all the conditions, was sustained.

It has recently been said that more tonnage passes to and from and beyond Detroit in twenty-four hours than enters and leaves all the great Atlantic ports together in the same length of time. In this statement there is more or less exaggeration if it was intended to include the coastwise tonnage with the foreign tonnage of the Atlantic ports; but in any event the traffic passing into and out of the St. Clair River is very large and must necessarily have no little influence on the rail rates to and from Detroit. The same conditions must also affect the rail rates to and from Toledo. Bay City, which is the nearest lake port through which Saginaw may forward and receive traffic by the Great Lakes, is at the extreme end of Saginaw Bay, and to reach that port and return to the regular channel of through lake navigation would require a steamer to diverge probably as much as 150 miles from its course. This disadvantage in location is a burden which, in the very nature of things, the shippers and merchants of Saginaw Valley must always bear. And it would be wholly improper for the Commission to attempt, by any order it might enter, to equalize those conditions with the advantages enjoyed by the merchants of Detroit and Toledo because of the superior location of those two points on the regular line of lake navigation. *Enterprise Mfg. Co.* v. *Georgia R. R. Co.*, 12 I. C. C. Rep. 451.

Upon the whole record and from a rather extended investigation outside the record, we are led to conclude, now that the distributing rates out of Saginaw Valley have been corrected, that no ground of **[138]** complaint is left that justly requires the disturbance of the rates between Saginaw Valley points and the Atlantic coast territory. The record makes it entirely clear that Saginaw as a community is not now suffering and has not suffered materially in the past from an excessive cost for transportation. On the contrary, both Saginaw and Flint during the last ten years have enjoyed a prosperity that has been quite notable. Each of the two cities has grown rapidly both in population and in the number and variety of its industries, and the gross sales of the particular merchants who testified before us have shown a grati-

fying and healthy yearly increase. While the expense of conducting their business may have been greater during the last three or four years than formerly, this has been due to other causes than the cost of transportation, and has been the experience everywhere in all lines of enterprise during the same period.

For these reasons the complaint must be dismissed. It will be so ordered.

BOARD OF TRADE OF THE CITY OF CHICAGO

v.

ATLANTIC CITY RAILROAD COMPANY, ET AL.

NEW YORK PRODUCE EXCHANGE

v.

NEW YORK CENTRAL & HUDSON RIVER RAILROAD COMPANY, ET AL.

20 I. C. C. 504.

BOARD OF TRADE OF THE CITY OF CHICAGO

v.

ATLANTIC CITY RAILROAD COMPANY, ET AL.

NEW YORK PRODUCE EXCHANGE

v.

NEW YORK CENTRAL & HUDSON RIVER RAILROAD COMPANY, ET AL.

Decided April 4, 1911.

(20 I. C. C. 504.)

Complaints herein attack what are known as ex-lake rates on grain from Buffalo to eastern points; in No. 3575 the complaint is directed against both domestic and export rates, while in No. 3319 export rates alone are involved; upon the facts disclosed by the record, and for the reasons given in the report, both the complaints are dismissed.

Chester Arthur Legg and *W. M. Hopkins* for Chicago Board of Trade, complainant.

Baldwin, Wadhams, Bacon & Fisher for New York Produce Exchange, complainant.

Arthur Geo. Brown and *John B. Daish* for Baltimore Chamber of Commerce, intervener.

George A. Schroeder for Milwaukee Chamber of Commerce, intervener.

George H. Evans for Indianapolis Board of Trade, intervener.

M. F. Doyle for Cleveland Grain Company, intervener.

T. A. Grier for Peoria Board of Trade, intervener.

L. Richards for Quaker Oats Company, intervener.

J. L. Seager, Edgar H. Boles, H. A. Taylor, O. E. Butterfield, and *Clyde Brown* for Cleveland, Cincinnati, Chicago & St. Louis Railway Company and others.

Ernest S. Ballard for New York Central Lines.

REPORT OF THE COMMISSION.

PROUTY, *Commissioner:*

Both the above complainants attack what are known as ex-lake rates upon grain from Buffalo to eastern points. In No. 3575 the complaint is directed against both domestic and export rates, while in No. 3319

export rates alone are involved. The two cases were heard together and may be disposed of in a single report.

DOMESTIC RATES.

Grain can move from the western field of production to the eastern point of consumption either by some all-rail route or by what is known as the rail-and-water route. In the latter case it is carried from the point of production to some port upon the Great Lakes, like Chicago or Duluth, by rail, is taken from the western lake port by water to some eastern lake port, of which Buffalo is the principal one, and is thence transported by rail to destination. When grain takes the all-rail route it may pass through Chicago or it may reach its eastern destination without entering that market. If it takes the rail-and-water route, it must move through some lake port, of which Chicago is the largest. It is therefore for the advantage of Chicago that such rates should be maintained as will permit grain to move by the water route. The board of trade of that city, which is an organization having in charge the grain interests of that community, insists that rates are now so constructed as to divert traffic from the water route to the all-rail route and that this results in undue prejudice against that locality.

The position of the complainant will be best understood by an illustration drawn from the rates now in effect. The rate on wheat from Chicago to Boston is, at the present time, 18 cents per 100 pounds. If this grain moves by the New York Central lines it would pass through the city of Buffalo en route and would be transported from Buffalo to Boston by the New York Central & Hudson River Railroad. For this service that carrier would receive, under the present adjustment of rates, 7.9 cents per 100 pounds, that being its division of the joint through rate after all allowances have been made for terminal expenses, etc. This figure is taken from the brief of the complainant and is sufficiently accurate for the purpose of illustration.

By ex-lake rates are meant those rates which apply upon grain reaching Buffalo from the west by water. The present ex-lake rate on wheat from Buffalo to Boston is 13.3 cents per 100 pounds. This ex-lake rate includes elevation; that is, the taking of the grain from the ship into the elevator and again loading it from the elevator into the car, for which the charge is one-half cent per bushel, or, in case of wheat, 0.83 of 1 cent per 100 pounds. When this absorption is deducted from the ex-lake charge the carrier receives [506] for handling the grain from Buffalo to Boston about 12.5 cents per 100 pounds. The cost of transporting to Boston the wheat which has reached Buffalo by lake is to every practical intent the same as that of transporting

the wheat which has come to Buffalo by rail, and the complainant insists that when the New York Central charges for handling the ex-lake wheat 12.5 cents, while it handles the all-rail grain for 7.9 cents, it is guilty of an unjust discrimination against the lake grain, and therefore against the city of Chicago, which is interested in moving the grain by water.

The defendants reply that their ex-lake rate from Buffalo to Boston is reasonable; that the rate from Chicago to Boston is competitive, and that the division which they are willing to accept from Buffalo to Boston as the price of engaging in this competitive business ought not to be used as the standard by which to measure the reasonableness of their ex-lake rate from Buffalo. In passing upon the validity of this defense we may first inquire whether the ex-lake rate to Boston is reasonable in and of itself.

The present domestic ex-lake rate from Buffalo to Boston is 8 cents per bushel, equivalent to 13.3 cents per 100 pounds; from Buffalo to New York 6.5 cents per bushel, or 10.8 cents per 100 pounds. These rates apply not only to terminal points, but to interior destinations, which ordinarily take the port rate.

The movement from Buffalo upon the domestic rate is to some extent in large quantities to terminal points, but there is also an extensive distributing movement under which grain moves from Buffalo in single carload lots to the point of consumption. The ton-mile revenue produced runs from 5 mills to 6.5 mills. The cost of moving this ex-lake grain is the same as the cost of moving local grain originating or received at Buffalo except that in case of business from the Lakes the carrier absorbs, as a part of its rate, the elevation charge of one-half cent per bushel, and therefore, in effect, performs this service in addition to its transportation. If the reasonableness of this rate is to be determined by the cost to the carrier, there is no reason why the ex-lake rate should be lower than the local rate. In the *Banner Milling case*, 19 I. C. C. Rep. 128, to which reference is subsequently made in this report, we considered the rate upon flour from Buffalo to Boston and New York and finally reached the conclusion that a rate of 13 cents to Boston would not be excessive. Ordinarily the same rate applies to the movement of wheat and flour, and if we are to adhere to this rule and to our decision in the *Banner Milling case*, we must hold that, while domestic ex-lake rates are liberal, they are not so high as to be pronounced unreasonable.

This wheat moves from Chicago to Buffalo largely by tramp steamer, and the rate under which it moves is subject to the most active competition. While many attempts have been made to control this com-

[507] petition, they have never succeeded, and the resulting rate was during the season of 1910 perhaps lower than for any previous season. It was said that wheat had moved for about 1.25 cents per bushel. It will be seen therefore that the resulting through rate from Chicago to Boston by lake and rail is a reasonable one, and, furthermore, that it is materially lower than the all-rail rate.

It also appeared that this avenue of transportation is available under the present rates, and that very large quantities of grain seek that avenue at the present time.

It should be noted in this connection that the thing in which the public is primarily interested is the price of the transportation. It is for the interest of the consumer and the producer that the cost of carriage should be reasonable; it is not of much importance by what route the traffic is handled, unless the effect of the rate adjustment is such as to deprive the public of proper facilities or to shut up the water avenue and thereby perpetuate unreasonable rates by rail. While, however, it is of no special concern to the general public whether this grain moves through Chicago or through some interior market like Peoria, it is the right of each market to insist upon an adjustment of rates which is, upon the whole, just to it. The Chicago Board of Trade did not in the present case urge that the ex-lake rate was unreasonable, but it did insist that the adjustment of rates was unduly discriminatory against that market. Its claim was that the ex-lake rate from Buffalo was a part of a through transportation from Chicago, and that the line east of Buffalo had no right to impose upon that through traffic which came by water a higher rate than was imposed upon similar traffic which came to Buffalo by rail; and this is the real question which we are called upon to decide in passing upon the domestic rate.

It is well understood that rates on grain and grain products from Chicago to the various Atlantic ports from Norfolk north are competitive, and that whenever the rate to any one of these ports is fixed that to all the others must be and always is correspondingly adjusted. Grain can be transported from Chicago to New York City via the Great Lakes to Buffalo and from thence via the Erie Canal and the Hudson River. This route originally fixed the grain rate from Chicago to the seaboard, and while in recent years the competitive influence of the Erie Canal has to a considerable extent disappeared the existence of that waterway still produces a profound effect upon grain rates. It will not be challenged, certainly not by the gentleman who so forcibly presented the case of the Chicago Board of Trade, that all grain rates from Chicago to Atlantic-seaboard territory, including Boston are highly competitive.

The New York Central & Hudson River Railroad begins at Buffalo and first receives grain coming from Chicago at that point, but it is [508] part of a through route operated by the New York Central system, which handles the grain all the way from Chicago to Boston. If the grain moves by rail, this system has the entire haul from Chicago, while if it moves by lake to Buffalo and by rail from Buffalo, it only enjoys the haul from Buffalo to destination. It may therefore be for the interest of this company to make such rate from Chicago as will move the traffic by rail, although that portion of the line from Buffalo to Boston receives less earnings than as though the grain were taken up for the first time at Buffalo.

But what is even more significant is the fact that the New York Central system from Chicago through Buffalo to Boston must handle this business upon a rate made by some line from Chicago to the seaboard which does not serve Buffalo, or at least which can not handle grain from Buffalo to advantage by rail. This line obtains no part of the traffic which goes by the Great Lakes to Buffalo, and must make a rate in competition with the lake-and-rail rate in order to obtain a part of that traffic. A road like the Delaware, Lackawanna & Western, which is not financially interested in any railroad operating between Chicago and Buffalo, and to which it is therefore a matter of indifference whether it receives the grain at Buffalo from a water or a rail connection, is nevertheless compelled to join with some rail line west of Buffalo in making this through rate and to receive as its division a less sum than the local rate from Buffalo as the only condition upon which it can indulge in through-rail business from Chicago. It seems plain that the all-rail rate from Chicago east competes with the lake-and-rail rate, and that therefore the division of the line east of Buffalo can not be made the standard by which to fix a reasonable rate from Buffalo.

If the rate to Buffalo were reduced the effect would be to make the cost of transportation via the lake-and-rail route less than at present, which must lead to a corresponding reduction of the all-rail rate, provided the rail carriers are to compete for that business; but this would in no respect benefit the city of Chicago, and it is exactly this thing against which that market protests. The claim advanced by the traffic manager of the Board of Trade of Chicago in a great variety of forms was that the rail line east of Buffalo should charge the same for the further transportation of lake grain as for rail grain, the cost of the service being the same. Manifestly, this can not be so unless rail carriers from Chicago are to withdraw from this competition or unless the lines west of Buffalo will sustain the entire shrinkage, giving to

their connections east of Buffalo a division equivalent to the local from that junction point.

This Commission has uniformly held that the division of a through rate was not a matter of concern to the public, and that while it might be looked to for certain purposes it should not ordinarily be made the [509] standard of reasonableness or the measure of discrimination. The total rate is the thing of consequence, not the manner in which that charge may be shared among the different parties to it; and this could hardly be better illustrated than by the present instance. If lines west of Buffalo were to make the entire shrinkage, allowing to lines east of Buffalo divisions equivalent to the local from Buffalo, this ground of complaint would be removed, but the complainant would be in no respect benefited. The true inquiry is whether, upon the whole, there be an unjust discrimination, and we are hardly prepared to find that such a discrimination does of necessity arise out of the fact that these all-rail carriers insist upon meeting the lake-and-rail rate.

The complainant refers, in support of his contention that the ex-lake rate from Buffalo ought not to exceed the earnings of the rail line beyond Buffalo, to *Bigbee & Warrior Rivers Packet Co.* v. *M. & O. R. R. Co.*, 60 Fed. Rep. 545.

The defendant in that case had a published rate of 80 cents per compressed bale for the movement of cotton from Mobile to New Orleans, and the relator presented 400 bales of cotton for shipment at that rate. The defendant declined to receive it for less than $1.25 per bale, stating as a reason that the relator was a water carrier which had brought this cotton from Demopolis, a point on the Bigbee River, to Mobile, and that the defendant had agreed with the Louisville & Nashville Railroad Company and other rail carriers not to transport cotton reaching Mobile by water from points on Alabama rivers for less than $1.25 per bale.

The court held that this agreement was in violation of the second and third sections of the Act to Regulate Commerce, and therefore unlawful, and that the defendant must receive and transport this cotton for its established rate of 80 cents per bale.

This case is in no respect an authority for the proposition contended for by the complainant. Under its doctrine there might be some question whether the defendants could apply a different rate to ex-lake grain from the established local rate from Buffalo, although the case does not in terms so hold, but it goes no further. If, for example, some railroad had led from Demopolis to Mobile and that railroad, together with the Mobile & Ohio, had established a joint rate on cotton from Demopolis to New Orleans under which the Mobile & Ohio re-

ceived for its division a less sum than 80 cents per bale, this would have afforded no conclusive reason for reducing the local rate of 80 cents from Mobile to New Orleans, much less for requiring the Mobile & Ohio to transport the cotton of the packet company for the amount of its division.

In the *Banner Milling case*, 14 I. C. C. Rep. 398, we considered an advance in the rate on flour from Buffalo to New York from 10 to 11 cents, and from Buffalo to Boston and New England points from 12 to [510] 13 cents. It was there held that the advance was unjustifiable, and carriers were ordered to restore the 10-cent rate. This case rested largely upon the fact that the flour to which the advanced rate applied was ground from grain which reached Buffalo by water, that the rate on flour from Buffalo had been advanced, while there had been no corresponding advance in the rate paid by the competitors of Buffalo, who ground flour at other points from the same wheat.

Subsequently, in the *Jennison case*, 18 I. C. C. Rep. 113, the rates on flour from Minneapolis, Duluth, and other northwestern points were brought to the attention of the Commission, the claim being that those rates had been advanced upon the Great Lakes until the rate charged for the transportation of the products of wheat was too high in comparison with that charged by the same carriers for the transportation of the wheat itself from the western lake ports to Buffalo. After an exhaustive examination of the matters involved we reached the conclusion that this claim was well founded, and we ordered a reduction of the lake-and-rail rate on flour from Duluth to the Atlantic seaboard.

Thereupon a petition for rehearing was filed in both the *Jennison case* and the *Banner Milling case*. The carriers urged with great earnestness and produced evidence tending to show that to reduce the lake-and-rail rate as proposed in the *Jennison case* would have the effect of reducing all flour rates, and consequently all grain rates throughout the West; and upon a further consideration of the whole question we were impressed with the force of this claim, and we decided to reconsider our first conclusion in the *Banner Milling case* and to allow the establishment of the 11-cent rate from Buffalo to New York, with corresponding advances to New England points.

Ex-lake rates have always been named by the bushel, while local rates from Buffalo are named in cents per hundred pounds. The present ex-lake rates, allowing for the differences which would arise from this method of stating rates, are substantially the same as the local rates on wheat and flour from Buffalo. The ex-lake rate on wheat to New York, for example, is 10.8 cents, as compared with 11 cents on

flour, while the ex-lake rate on wheat to Boston is 13.3 cents, as compared with a rate of 13 cents upon flour. It did not appear why ex-lake rates might not be stated in cents per hundred pounds, nor why they might not well be exactly the same as the local rates from Buffalo, instead of being, as at present, slightly lower in some cases and slightly higher in others; but no question was made upon this ground.

As already observed and as fully stated in the *Banner Milling case*, flour ground at Buffalo is almost entirely from wheat received ex-lake at that port. It is difficult to see how this Commission, if it is to maintain the parity of rate between wheat and flour which generally **[511]** prevails, upon the strength of which mills have been erected at Buffalo and throughout all parts of the United States, and which has been generally approved by this Commission, could enforce or even permit the charging of a rate upon grain from Buffalo materially lower than the rate upon the flour manufactured at Buffalo from that grain. To sustain the contention of the complainants would require us to establish rates on wheat from Buffalo from 3 to 5 cents per 100 pounds less than the present flour rates. The effect of such a rate adjustment would be not only to injure the mills at Buffalo but to seriously affect those at all western points. While there is very great force in the contention of the complainant, we feel that, upon a view of the entire situation, it can not be accepted. If this rate from Buffalo were unreasonably high, so that the cost of transporting grain or grain products from the western point of origin via the Great Lakes to the eastern point of consumption was unreasonably high, it would be our clear duty to reduce this rate; but where it is practically admitted that the transportation charge is not excessive, and where we are asked to take this action simply because more grain would thereby flow through a particular grain market, we are at liberty, in just consideration of all interest, to decline to interfere with the present arrangement, which is, in the main satisfactory.

Ex-lake rates were in fact for many years lower than corresponding local rates from Buffalo, and the complainants point to this as the most conclusive evidence that the maintenance of lower ex-lake rates to-day would not break down the rate structure. But it must be remembered that until about the time when these rates became substantially what they now are the published tariff was not observed, and that this was especially true of highly competitive business, like grain and grain products, where the rate was of vital importance.

It should also be noted that Buffalo millers have always insisted that the charging of a lower rate upon ex-lake wheat than upon the flour ground from that wheat was a discrimination against Buffalo. Now

that published rates are actually observed, and that the margin of profit tends to decrease rather than increase, we can not assume that any locality can grind flour under a permanent rate disability. To make the rate on ex-lake wheat to New York City materially lower than the rate on flour from Buffalo would inevitably throw the grinding of flour consumed in the city of New York and that vicinity to the seaboard.

EXPORT RATES.

In former years the United States has been a large exporter of wheat and other grains. This grain has been produced in the middle west, from which it might reach the foreign destination either by way of the [512] Gulf ports like New Orleans and Galveston or by way of the North Atlantic ports. The cost of the transportation has usually determined the route which the traffic would take.

Lower export rates have generally been maintained through all the ports than the corresponding domestic rates, and the rail export rates through the North Atlantic ports from Montreal on the north to Norfolk on the south have borne a certain relation to one another, the rate to New York being somewhat higher than to the various outports, so called, except Boston, for the reason that the shipping facilities of New York are superior and the water rate from that port somewhat lower than from the others.

During the season of navigation export grain moves largely via the Great Lakes. From the lakes to the port of export there have been in the past three possible routes: First, all water via the Welland Canal and the St. Lawrence River to Montreal; second, all water via the Erie Canal and the Hudson River to New York; third, from one of the eastern lake ports, of which Buffalo is the principal, by rail to the port of export from Baltimore upon the south to Montreal upon the north. The rail rate from Buffalo to New York has furnished the standard for rail rates from all other lake ports to all ports of export.

Below is given a table showing, since 1889, ex-lake and local rates upon wheat from Buffalo to New York, both export and domestic, and also from Chicago to New York:

Year.	Buffalo to New York.			Chicago to New York.	
	Local.	Ex-lake.		Rate per 100 pounds.	
	Rate per 100 pounds.	Rate per bushel.			
		Domestic.	Export.	Domestic.	Export.
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1889	13	6½	6½	25	25
1890	13	5¾	5¾	22½	22½
1891	13	5½	5½	25	25
1892	13	4½	4½	25	25
1893	13	6	6	25	25
1894	11	5	5	20	20
1895	13	5	5	20	20
1896	11	5	5	20	20
1897	11	5	5	20	20
1898	11	5	5	20	20
1899	11	5	5	17	12
1900	9	5	5	15	13½
1901	10	5	5	17½	16
1902	10	5	5	17½	13½
1903	10½	6	5	18	14
1904	10	6	4	17½	13½
1905	10	4½	4½	17½	13½
1906	10	5	5	17½	13½
1907	11	6	6	17½	13
1908	11	6½	5½	16	13
1909	10	6½	5½	16	13
1910	10	6½	5½	16	13
1911	11	6½	5½	16	13

[513] The foregoing table does not purport to give all the published rates which have been in effect during the period covered, but only what may be termed the prevailing rate for each year. In case of the ex-lake rate reference has been had to the season of open navigation only for the purpose of determining what was the prevailing rate.

It should also be noted that until recently grain has not moved from Chicago to the seaboard upon the published rate, but rather under a transit privilege upon a balance of some through rate. At the present time there is in effect from Chicago what is known as a "reshipping" rate, which applies to all grain loaded at Chicago, with the exception of certain instances where the transit rate still applies. The published rate from Chicago is therefore to-day, both export and domestic, the rate which actually moves the traffic, and we have, for the first time, in the published tariff a statement of the actual rates of various kinds from Buffalo and Chicago.

It should further be noted that until recently the published rate has not been maintained. The published ex-lake rate from Buffalo, for example, never fell for any considerable time below 4 cents per bushel

on wheat, but we know from investigations conducted by this Commission that the actual rate, especially as applied to the export movement, fell as low as 2.75 cents per bushel, and did not probably average for the entire season much in excess of 3 cents.

It will be seen from an examination of the above table that while there were temporary differences between export and domestic in the ex-lake rate before 1908, there was no settled practice until that year by which a different rate was applied. During that season of navigation and since the export rate has been uniformly 1 cent below the domestic.

When it is remembered that, as a rule, the published export rate had, previous to 1908, never exceeded 5 cents per bushel; that it had sometimes been as low as 4 cents, and that the actual rate had been less than the published rate, it will be seen that the cost of transporting export wheat from Buffalo to New York is very materially greater to-day than in the past.

It has been already noted that grain afloat upon the Great Lakes may move all-water to Montreal. It was stated in the course of this hearing that at the present time ships carrying 80,000 bushels of wheat could load at the dock in Chicago and unload at the dock in Montreal, and that the rate of transportation via this water route did not exceed 3.5 cents per bushel.

Grain afloat may reach New York via the Erie Canal, and this formerly was a most important factor in the grain-rate situation, since the cost of transportation to New York Harbor was largely determined by the cost of carriage from Buffalo via the Erie Canal, which fixed the **[514]** rail rate to New York and thus in fact made the rate to all other ports. At the present time the Erie Canal for practical purposes is out of commission. The state is expending a large sum of money in the improvement of that waterway with a view to making possible the use of very much larger barges than can at the present time be employed and thereby cheapening the cost of transportation. Pending these improvements which are now in progress no one will buy equipment of the type which can now be used, since within a few years that must become entirely obsolete, and the present equipment is insufficient to provide any substantial competition by that route. It seems probable that this decline in competition via the Erie Canal is largely responsible for the increase in ex-lake rates, both export and domestic.

The New York Produce Exchange claims that the effect of recent increases in ex-lake export rates, taken in connection with the all-water route to Montreal, which has been developed largely within the last few years, has been to so cheapen the cost of handling grain through

Montreal as compared with New York that the export business is leaving the port of New York for the port of Montreal, and that in the very near future the export grain movement through New York will be reduced to a practical nullity. In evidence of this it introduces certain tables showing the comparative movement through these ports in recent years. The following table gives the percentage of total wheat exports through the ports named for the years named:

Percentage of total exports.

Year.	Montreal.	New York.	Boston.	Philadelphia.	Baltimore.
1902	28.36	28.69	12.33	11.46	12.59
1906	33.34	30.57	14.52	9.44	9.88
1907	30.99	30.57	13.30	14.56	10.02
1908	43.38	23.09	6.62	14.03	11.83
1909	52.34	19.35	9.78	11.41	6.89
1910	54.16	15.98	8.47	10.73	10.66

The table below gives the total number of bushels handled for the same years through New York and Montreal, with the percentages for each year:

Year.	Quantity in bushels.			Percentage.	
	New York.	Montreal.	Total.	New York	Montreal.
1902	17,085,718	16,888,505	33,974,223	50.28	49.72
1906	12,691,701	13,842,586	26,534,287	47.83	52.17
1907	17,875,700	18,122,009	35,997,709	49.66	50.34
1908	16,211,918	30,461,347	46,673,265	34.74	65.26
1909	9,247,913	25,031,635	34,279,548	27.00	73.00
1910	6,026,421	20,420,034	26,446,455	22.79	77.29

[515] The exports of wheat grown in the United States are decreasing, owing to the fact that our home consumption is steadily increasing. Upon the other hand, the Canadian northwest is developing an enormous wheat acreage, which is increasing rapidly the quantity of wheat exported from Canada. It is urged that the location of this wheat is such that it should naturally move out through Montreal and not through an American port of export. As bearing upon this suggestion the following tables are given showing exports of wheat grown in the United States and also wheat grown in Canada through the ports of New York and Montreal. In examining these tables it should be borne in mind that during the year 1910 there was in effect through

New York an export rate of 4 cents per bushel from Buffalo applicable to Canadian wheat in bond, but not to American wheat.

Wheat grown in the United States.

Year.	Quantity in bushels exported from—		Percentage.	
	New York.	Montreal.	New York.	Montreal.
1906	10,454,682	949,155	91.7	8.3
1907	15,252,783	4,774,267	76.2	23.8
1908	13,902,028	10,908,195	56.1	43.9
1909	7,411,214	10,731,498	40.9	59.1
1910	1,303,696	3,882,885	25.1	74.9

Wheat grown in Canada.

Years.	Quantity in bushels exported from—		Percentage.	
	New York.	Montreal.	New York.	Montreal.
1906	2,237,019	12,893,431	14.8	85.2
1907	2,622,917	13,347,742	16.4	83.6
1908	2,309,890	19,553,152	10.6	89.4
1909	1,836,699	14,300,137	11.4	88.6
1910	4,732,725	16,537,149	22.3	77.7

It is impossible to study the figures in the foregoing tables without the conviction that the trend of the export wheat business, even in wheat produced in the United States, is steadily from American ports to Montreal, and it is impossible to attribute this to any other cause than the inland rate of transportation.

In every respect, except the cost of carriage to the port of export, New York has the advantage of Montreal. Montreal is a winter port, not available during several months of the year. At all times in the year the cost of insurance from that port is much higher than from New York, owing to the perils of navigation upon the River St. Lawrence. The shipping facilities of New York are much better than Montreal. New York reaches many points of consumption to which [516] there is no direct service from Montreal, and the rate of transportation itself is usually lower from New York.

In addition to transportation facilities New York is a great grain market, with large elevator capacity, where wheat can be stored during the period of lake navigation for export later in the season. All these circumstances, say the New York grain interests, should give to

that port a large part of the export business. They have therefore earnestly appealed to the carriers to establish a rate which will permit them to handle a portion of that traffic, and not succeeding in that quarter have now come to this Commission with the same prayer.

So far as the case of the complainant can be established by showing the necessity for the rate demanded the case of this complainant has been made out. We are impressed with the thought that New York can not permanently retain its export grain business in anything like the same relative volume as in years gone by upon the present adjustment of rates. It asks that the carriers establish, during the period of navigation, a rate of 4 cents per bushel from Buffalo. Whether this rate would enable New York to hold its own as against Montreal is doubtful, but it would certainly be much preferable to the present rate of 5.5 cents.

The carriers decline to accede to this request for two reasons.

They say that 4 cents per bushel is not a remunerative rate, and that they prefer to allow the business to go elsewhere rather than establish this rate.

The ex-lake rate includes elevation at Buffalo; that is, the cost of transferring the grain from the vessel to the elevator and from the elevator to the car, for which a uniform allowance of one-half cent per bushel is made by the carrier to the elevator. This leaves for the rate of transportation 3.5 cents per bushel.

The rate also includes at the city of New York a delivery alongside the ship. At New York grain is not loaded from the elevator into the vessel as it is at most other ports, but is barged from the car to the ship, into the hold of which it is transferred by a floating elevator. The testimony indicates that this additional service costs from one-half cent to 1 cent per bushel, and the carriers insist that this is an extraordinary item which should also be deducted from the rate before the real transportation charge is reached. If it be assumed that the cost of lighterage in New York Harbor is one-half cent per bushel, we have left for the transportation charge proper, from Buffalo to New York, 3 cents per bushel, equivalent to 5 cents per 100 pounds, and yielding, for a distance of something over 400 miles, a return of 2.5 mills per ton-mile, which is, upon its face, an extremely low rate of transportation.

The complainants urge that this export wheat is moved in large lots from Buffalo to New York—usually in trainloads—to which the [517] carriers reply that this is not an advantage but rather a disadvantage, since they are obliged to provide facilities for the handling of this traffic at a particular time in order that connection may be made with

the exporting vessel. This necessitates the parking of cars at Buffalo and the handling of an unusual amount of traffic which may interfere with their other business.

The average carload of wheat is about 1,000 bushels, yielding, at 3 cents a bushel, $30 per car. Fifty cars can be moved in a train from Buffalo to New York by most routes, amounting, per trainload, to $1,500. The mere cost of moving that train is much less than this amount. If no account be made therefore of the expenses other than those of the movement, there is a profit.

The complainants point to the fact that in former years the published rate was but 4 cents per bushel and that carriers often accepted as low as 2¾ cents per bushel for handling this business. They further suggest that while the rate of 4 cents was in effect in 1908, applicable to all wheat, and in 1910, applicable to Canadian-grown wheat, these defendants were anxiously soliciting the business.

It should also be noted that if lighterage in New York Harbor be disregarded the carrier of ex-lake grain from Buffalo would receive, at 4 cents per bushel, 3½ cents after deducting elevation at Buffalo, and that this is slightly in excess of its division of the present export rate of 13 cents from Chicago, which the carrier voluntarily makes for the purpose of participating in that business.

It seems probable that 4 cents per bushel yields, all things considered, a substantial profit over the cost of the movement. If the carrier has surplus facilities not otherwise demanded, it would find business upon that rate to its advantage; it may be doubted whether additional facilities could be provided for the handling of this traffic at that figure.

The real reason why these defendants decline to accede to the request of the New York interests for the 4-cent export rate seems to be the fear upon their part that the result of complying with that request would be to disorganize the general rate structure upon grain and grain products from the West to Atlantic seaboard territory.

In 1908 the defendants, upon the insistent request of the New York grain interests, did establish and maintain, for 57 days, an export rate of 4 cents per bushel. This rate was withdrawn because the defendants believed that its continuance would result in a reduction of the rates from the west upon grain and grain products. During the season of 1910 a rate of 4 cents was applied to the movement of Canadian grain in bond, but the defendants are satisfied that no distinction can be maintained between Canadian and American wheat and, therefore, upon a view of the entire situation, have declined to restore the 4-cent rate.

[518] The difference between the domestic and export rate from Chicago at the present time is 3 cents per 100 pounds. The difference between the export and the domestic rates, ex-lake, at the present time is 1 cent per bushel, or six-tenths of a cent per 100 pounds. It will be seen, therefore, that the difference in export rates where the wheat moves by the Great Lakes from Chicago is much less than the difference where it moves all rail. At 4 cents per bushel the difference would still be in favor of the all-rail route.

American millers insist that to make a rate of 4 cents on wheat without a corresponding rate upon the product of wheat is to discriminate against the home miller in favor of his foreign competitor. It can not be denied that the result of making a lower transportation charge on the wheat than upon the flour to foreign destination does operate in favor of the foreign miller, but it must also be recognized that the cost of transporting wheat by water is less than the cost of transporting flour by water, and that wheat will move to the foreign consumer in the form of wheat cheaper than it can be moved in the form of flour, unless the Government sees fit to make an arbitrary rule that whatever carrier transports wheat at a certain price shall carry flour at the same price, which is not suggested. This wheat will move abroad through the port of Montreal if it does not move through the port of New York, and it is doubtful whether the claim of the miller and of the western railroad that the effect of this 4-cent ex-lake export rate would be discriminatory toward them is well taken. It would not materially increase the amount of wheat which will be exported; it would simply determine whether that wheat should flow through an American or a Canadian port of export.

We are inclined to think that, under all the circumstances, these carriers might well establish, during the period of navigation, a 4-cent ex-lake export rate upon wheat and corresponding rates upon other grain, but the rate itself is so low, the margin over and above the cost of operation is so narrow, that we do not feel warranted in making this requirement. Whether it shall be established is a matter of policy which must be left to the carriers themselves, and not a matter of right which may be demanded by the port of New York. When the improvements in progress upon the Erie Canal are completed that waterway will undoubtedly determine the rate at which grain shall be carried from Buffalo to tidewater.

The grain interests of the city of Baltimore have intervened in this proceeding. They join with the New York Produce Exchange in asking that a 4-cent rate be established from Buffalo to New York, but

they insist that the differential in favor of Baltimore which now exists upon this ex-lake business should be wider.

Some years ago railroads transporting ex-lake grain from eastern lake ports to Baltimore, Philadelphia, New York, and Boston became [519] involved in a controversy as to the relative rate upon which that traffic should be handled to the various ports, which resulted in a serious rate war. The question was finally submitted to this Commission, which, after careful consideration, expressed the opinion that a differential of three-tenths of a cent per bushel should be allowed Baltimore upon this traffic. 11 I. C. C. Rep. 13 (*ante*, p. 283). The city of Baltimore now shows that under this differential no ex-lake grain moves through the port of Baltimore, and it asks that whatever the rate may be the differential in favor of that port be increased.

All the ports interested were parties to the proceeding by which that differential was originally fixed, and all are interested in any change in the differential. We do not feel that we ought to reconsider the conclusion then reached, except upon some proceeding to which all these ports are parties, and in which a thorough reinvestigation of the whole subject is made. It was stated upon this hearing that the port of New York was also dissatisfied with the conclusion reached by the Commission touching these port differentials, and that a complaint was now being prepared by the New York Produce Exchange which would present the subject anew. However that may be, the intervening petition of the city of Baltimore will be at this time dismissed without prejudice to the right of that locality to urge, in some subsequent proceeding, the ground taken here.

The petitions in both the cases are also dismissed.

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK, ET AL.,

v.

NEW YORK CENTRAL & HUDSON RIVER RAILROAD COMPANY, ET AL.

24 I. C. C. 55.

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK, ET AL.,

v.

NEW YORK CENTRAL & HUDSON RIVER RAILROAD COMPANY, ET AL.

(24 I. C. C. 55.)

Decided June 4, 1912.

1. Differentials under New York on all-rail and lake-and-rail export shipments from differential territory to Baltimore should not exceed 3 cents per 100 pounds, and to Philadelphia should not exceed 2 cents per 100 pounds, on the classes and on commodities other than grain. On all-rail and lake-and-rail export shipments of grain the differentials under New York should not exceed 1.5 cents per 100 pounds to Baltimore, and 1 cent per 100 pounds to Philadelphia.
2. As to all this traffic the export rates to Boston should not be lower than to New York.
3. The differentials under New York from Buffalo, N. Y., Erie, Pa., and West Fairport, Ohio, to Baltimore and Philadelphia, on ex-lake grain from differential territory for export, should not exceed two-tenths of 1 cent per bushel on barley and oats, and three-tenths of 1 cent per bushel on wheat, corn, and rye.
4. Differentials under New York on import traffic, all-rail and lake-and-rail, from Philadelphia and Baltimore to differential territory should be no greater than those which existed in the latter part of 1908.
5. Import rates from Boston should not be lower than from New York.

Benjamin L. Fairchild for complainants.

Clyde Brown for New York Central & Hudson River Railroad Company.

George Stuart Patterson for Pennsylvania Railroad Company.

W. Irvine Cross for Baltimore & Ohio Railroad Company.

Charles S. Hamlin for Boston & Maine Railroad.

Thomas Carmody and *Henry Selden Bacon* for state of New York.

John T. O'Brien and *Archibald R. Watson* for city of New York.

William M. Coates for Philadelphia trade bodies.

Frank L. Neall for city of Philadelphia.

Harry E. Belles for United Businessmen's Association of Philadelphia.

Philip Godley and *E. J. Lavino* for Philadelphia Board of Trade.

James Collins Jones for Philadelphia Board of Trade, Philadelphia Chamber of Commerce, Commercial Exchange of Philadelphia, and Philadelphia Maritime Exchange.

James L. King for Commercial Exchange of Philadelphia.

[56] *P. D. Todd* and *P. F. Young* for Philadelphia Maritime Exchange.

N. B. Kelly for Philadelphia Chamber of Commerce.

Robert Ramsay for commercial bodies of Baltimore.

Arthur Geo. Brown and *John B. Daish* for Baltimore Chamber of Commerce and Board of Trade of the City of Baltimore.

Ottmar Marcus for Old Town Merchants & Manufacturers' Association of Baltimore.

Andrew C. Trippe and *James McC. Trippe* for Merchants & Manufacturers' Association of Baltimore.

S. S. Field for mayor and city council of Baltimore.

Edgar Allen Poe for state of Maryland.

Herbert Sheridan for Baltimore Chamber of Commerce.

Charles S. Hamlin and *D. O. Ives* for Boston Chamber of Commerce.

James M. Swift for commonwealth of Massachusetts.

H. C. Barlow for Chicago Association of Commerce.

John C. Howard for S. E. Comstock & Company.

REPORT OF THE COMMISSION.

CLARK, *Commissioner:*

Complainants are associations of merchants located in the city of New York, organized for the purpose of fostering and furthering the interests of their respective lines of business and the commercial interests of the state and city of New York.

The complaint alleges that defendants maintain rates, charges, differentials, rules, and regulations to and from the city and port of New York, which are unjust and unreasonable in themselves, and relatively so as compared with competitive ports, more particularly Philadelphia, Baltimore, Newport News, Norfolk, and Boston. As presented on hearing, brief, and argument, the issue is the inland charges on import and export traffic having destination or origin in so-called "differential territory." That territory is bounded on the north by the great lakes and a line drawn west from Chicago, Ill., to Dubuque, Iowa; on the east by a line drawn from Pittsburgh, Pa., to Buffalo, N. Y.; on the south by the Ohio River, and on the west by the Mississippi River.

Complainants allege that higher rates to and from New York on this traffic than are contemporaneously charged to and from Boston, Philadelphia, and Baltimore, are unjustly discriminatory against New York and unduly preferential to Boston, Philadelphia, and Baltimore.

Norfolk and Newport News, Va., were named in the complaint, but practically no attention was paid to them in the trial.

The Maritime Association of the port of New York, the city of New York by its corporation counsel, and the state of New York by its attorney general, intervened in support of the complaint.

[57] The Boston Chamber of Commerce, the directors of the port of Boston, and the commonwealth of Massachusetts through its attorney general intervened asking affirmative relief, and that the rates to and from Boston be made no higher than to and from Baltimore.

The Baltimore Chamber of Commerce, the Board of Trade of the city of Baltimore, the mayor and city council of Baltimore through the city solicitor, the state of Maryland by its attorney general, the Philadelphia Board of Trade, the Philadelphia Chamber of Commerce, the Commercial Exchange of Philadelphia, the Philadelphia Maritime Exchange, and the city of Philadelphia by its mayor intervened in opposition to the complaint and in favor of maintenance of the former relative adjustment.

The burden of the defense has been borne by the Pennsylvania Railroad and its allied lines and by the Baltimore & Ohio Railroad, these defendants asserting the propriety and the right of maintaining lower rates to and from Philadelphia and Baltimore than to and from New York. The Erie Railroad, with a through line from Chicago to New York, filed no answer to the complaint. The other New York roads filed general denials. The Boston & Maine and the Boston & Albany Railroads joined with Boston in asserting the interests of the port of Boston and their right as carriers to make such rates to and from Boston as the interests of that port and the carriers serving it demand.

The Baltimore & Ohio and the Pennsylvania base their defense principally upon the fact that the rail haul to or from Baltimore or Philadelphia is shorter than to or from New York, and that therefore lower rates to and from Philadelphia or Baltimore than to and from New York are fully justified.

The issue is a long-standing controversy which originated in and has been kept alive by the competition of railroads serving the several ports and by the commercial interests at those ports. It is conceded by one of the principal witnesses for defendants that the so-called differential port adjustment is more or less arbitrary in its nature and is the result of compromise and arbitration resorted to to settle or avert rate wars.

The rates in question are (*a*) via all rail; (*b*) via lake and rail; and (*c*) ex-lake—that is, from the lake ports to the Atlantic ports. All rates stated herein, unless otherwise specified, are in cents per 100 pounds. Our docket No. 3780, *In the Matter of Import Rates*, was heard and decided in connection with the instant case.

The history of the all-rail differentials on export traffic was recited in *In the Matter of Differential Freight Rates to and from North Atlantic ports*, 11 I. C. C. 13 (*ante*, p. 283), and need not be restated here.

It is a matter of common knowledge that since that report was written the Baltimore & Ohio, if not the Pennsylvania also, has acquired new lines [58] which substantially strengthen its commanding and strategic position in the middle west.

The present eastbound all-rail class rates, taking Chicago as a representative point, are as follows:

Classes	1	2	3	4	5	6
To New York, domestic and export	75	65	50	35	30	25
To Philadelphia, domestic and export	73	63	48	33	28	23
To Baltimore, domestic and export	72	62	47	32	27	22
To Boston, domestic	82	71	55	39	33	27
To Boston, export	75	65	50	35	30	25

The present eastbound lake-and-rail class rates, taking Chicago as a representative point, are as follows:

Classes	1	2	3	4	5	6
To New York, domestic and export	63	55	43	30	26	21
To Philadelphia, domestic and export	61	53	41	28	24	19
To Baltimore, domestic and export	60	52	40	27	23	18
To Boston, domestic	70	61	48	34	29	23
To Boston, export	63	55	43	30	26	21

The present ex-lake rates on grain to the ports, export and domestic, are as follows, in cents per bushel:

	Wheat.	Corn.	Rye.	Barley.	Oats.
From Buffalo, N. Y., to—					
New York—					
Export	5.50	4.75	5.25	4.75	3.7
Domestic	6.50	5.25	6	5.25	4
Philadelphia and Baltimore—					
Export	5.2	4.45	4.95	4.55	3.50
Domestic	6.50	5.25	6.00	5.25	3.75
Boston—					
Export	5.50	4.75	5.25	4.75	3.7
Domestic	8	7.50	7.75	6.50	4.50
From Erie to—					
New York—					
Export	5.50	4.75	5.25	4.75	3.7
Domestic	6.50	5.25	6	5.25	4
Philadelphia—					
Export	5.2	4.45	4.95	4.55	3.50
Domestic	6.50	5.25	6	5.25	3.75
Baltimore—					
Export	5.2	4.45	4.95	4.55	3.50
Domestic	6	4.75	5.50	4.75	3.50
From West Fairport to—					
Baltimore—					
Export	5.20	4.45	4.95	4.55	3.50
Domestic	6	4.75	5.50	4.75	3.50
Philadelphia—					
Export and domestic	6.50	5.25	6	5.25	3.75

The westbound all-rail class rates to Chicago from the several ports are as follows:

Classes	1	2	3	4	5	6
New York, domestic and import	75	65	50	35	30	25
Philadelphia, domestic	69	59	48	33	28	23
Philadelphia, import	67	57	47	32	27	22
Baltimore, domestic and import	67	57	47	32	27	22
Boston, domestic	75	65	50	35	30	25
Boston, import	67	57	47	32	27	22

[59] The westbound lake-and-rail class rates to Chicago from the several ports are as follows:

Classes	1	2	3	4	5	6
New York, domestic and import	62	54	41	30	25	21
Philadelphia, domestic and import	56	48	39	28	23	19
Baltimore, domestic and import	54	46	38	27	22	18
Boston, domestic	62	54	41	30	25	21
Boston, import	57	50	38	27	23	20

The import rates from Boston, Philadelphia, and Baltimore are the same under a temporary arbitration decision, the final determination of which is announced in *In the Matter of Import Rates,* 24 I. C. C. 78 (*post,* p. 403).

While little has been said as to Newport News and Norfolk, it is proper to say that they constitute in reality one port, served from the west principally by the Chesapeake & Ohio and Norfolk & Western railways. It does not here appear that they are included in the differential agreement; but it is the established policy of the road serving those ports to maintain there the same rates that are contemporaneously maintained at Baltimore. It is also appropriate to say that the carriers between the differential territory and the Gulf ports compete with the carriers to the Atlantic ports for import and export traffic and that it is their established policy to maintain rates to and from the Gulf ports which bear a definite relationship to the rates to and from the Atlantic ports and which take into consideration the more expensive ocean service to and from the Gulf ports.

The import and export traffic through the port of Montreal has increased largely in recent years, more especially with regard to the export of grain and grain products.

The ex-lake differentials are of prime importance in the movement of grain which is concentrated at the ports on Lake Superior and Lake Michigan and carried thence by water to Buffalo, Erie, Fairport, and other eastern lake ports, from whence it moves to the Atlantic ports by rail on rates that are wholly independent of the lake charges.

About 1891 the railroads began to compete with the Erie Canal for this traffic, and in 1893 the question of differentials on ex-lake shipments arose. Certain of the New York lines entered into a joint agree-

ment to make certain rates on this traffic regardless of canal competition, and a separate agreement was made which accorded differentials of one-half cent and three-quarters of a cent per bushel to Philadelphia and Baltimore, respectively, on shipments from Buffalo. In 1894 these differentials were reduced to one-half cent per bushel to both Philadelphia and Baltimore. In 1895 the railroad agreements were overthrown and the railroads entered into spirited competition with the canal. From time to time rate wars occurred which were temporarily composed by agreements and arbitrations. Every effort [60] made to maintain equal ex-lake rates to the several Atlantic ports failed.

In the *North Atlantic Ports case, supra,* the Commission found that Philadelphia and Baltimore should be accorded a differential of three-tenths of a cent per bushel on ex-lake grain, which opinion was shortly thereafter modified by making the differential on ex-lake oats and barley one-sixth of a cent per bushel.

Complainants allege violation of section 1 of the act in that the rates to and from New York are unjust and unreasonable. They say that the lower grades on the New York Central lines make the transportation cheaper than to Philadelphia or Baltimore via the lines which cross the Alleghenies, and from this they argue that the rates to and from New York are unreasonable *per se.* This is answered by defendants in a general way by saying that any difference in cost of transportation due to the grades is fully or more than offset by the difference in cost of fuel which lies in abundance along their rights of way. No evidence has been presented which in any wise lays a foundation for a finding that any particular rate is unreasonable *per se.*

Violation of section 2 of the act is alleged in that that section prohibits charging one person more or less than another person for the transportation of a like kind of traffic under substantially similar circumstances and conditions. We shall later consider whether or not the transportation is under substantially similar circumstances and conditions.

Violation of section 3 of the act is alleged in that the differential adjustment gives an undue preference to Boston, Philadelphia, and Baltimore and subjects New York to unreasonable prejudice or disadvantage. This will be referred to later.

Violation of section 4 of the act is alleged, but as has been seen the rates at issue are those applicable on export and import traffic, and, while the record is not clear and specific on that point, it is not our understanding that this traffic is hauled to or from Baltimore or Philadelphia via any line as to which New York is directly intermediate.

Some of it may move through New York to or from Boston, but the amount so hauled must be small.

The rates to and from differential territory are established in zones substantially on distance. It frequently occurs that a circuitous route hauls traffic through a zone which takes higher rates than that in which the point of origin or destination is located. This, however, applies to shipments to and from New York as well as to and from the other ports. This situation is protected by applications for relief from the provisions of the fourth section and is not here passed upon.

Complainants contend that in exercising the power vested in the Commission to prescribe just and reasonable and nondiscriminatory **[61]** rates it must be controlled by the constitutional provision that in the regulation of commerce no preference shall be given to the ports of one State over those of another. They argue that New York has numerous advantages of location, harbor facilities, steamship sailings, market, etc., the benefit of which is in some degree taken from it by the differential rates, and that the maintenance of lower rates to the other ports is unlawful under the Act to Regulate Commerce and in violation of the constitution of the United States.

If one railroad may not make lower rates to a given port than another railroad makes to another port in another state without violating the constitution of the United States it would seem necessarily to follow that railroad rates must be the same from a given point to every port in every state, regardless of distance, extent and termini of carriers' lines, cost or value of the service, and of the discriminations which would be thereby created. One city or state prescribes certain harbor dues and charges, while another city or state elects to furnish harbor facilities free. All such considerations determine in some measure the attractiveness of the port to shipping and yet so far as we know it has never been held that the exercise of those rights by municipalities or states is unconstitutional.

Complainants aver that any excess in the rates on export and import traffic to and from the differential territory over that charged from and to Baltimore, Philadelphia, or Boston is imposed for the purpose of diverting traffic from New York to these other ports; or, in other words, for the purpose of making a fair division of the traffic as between the railroads and the ports and constitutes an unlawful additional charge for the sole purpose of discriminating against New York. The record in the *North Atlantic Ports case, supra,* is stipulated into this record, and it there appears that former officers of some of the New York roads testified that they would be glad to transport this traffic to and from New York at as low rates as were contemporaneously

applied to and from Baltimore if they could do so. This meant that they would be glad to put New York on a parity with Baltimore if the roads serving Baltimore would maintain as high rates to Baltimore as were thus established at New York. The New York commercial interests contend that the New York rates should be reduced to the Baltimore basis and that the New York roads are willing and anxious to so reduce them. The testimony above referred to was given several years ago. No present responsible officers of the New York roads so testify, and in the light of present-day conditions, as shown in *In re Investigation of Advances in Rates*, 20 I. C. C. 243, we can not say that we have here any clear expression of such desire.

As has been seen, the differentials are the result of compromise, arbitration, and agreement, resorted to as the only means so far found of [62] averting rate wars. The railroads serving Boston have insisted at all times that the export and import rates to and from Boston should not exceed those to and from New York. The railroads serving Philadelphia and Baltimore have always insisted that the rates on this traffic from and to those ports should be lower than those contemporaneously maintained from and to New York.

The roads serving Baltimore and Philadelphia, as well as the commercial interests of those cities, aver that the differentials might lawfully and reasonably be, and in fact ought to be, wider than they are, and that to maintain them at as low figures as now obtain has the effect of giving New York an advantage to which it is not entitled on any ground except the adoption of this means of averting rate wars.

The Baltimore & Ohio Railroad denies that it should or may be required to sacrifice its legitimate revenues by furnishing a service to and from New York at the same rates it receives for its service to and from Baltimore. It shows that its lighterage and other terminal services in New York cost it substantially more than the present allowance it receives for that service out of the joint rates. On this account it shows a deficit for the years 1909-10-11 of more than $1,250,000.

This defendant suggests that before the railroads were subject to regulation the control of a large volume of traffic was a potent influence in securing low rates from railroads; that New York being the largest and strongest port, served by strong railroad lines, this wholesale principle worked steadily in New York's favor, and the rates to and from New York became more and more favorable as compared with other and less influential ports, which gave New York an advantage which it still holds; that, recognizing the long-established status and the business interests that had adjusted themselves thereto, the differentials were substituted for the differences in rates that might otherwise

have been established, as some recognition of the substantial rights of the other ports. It replies to New York's allegations that the differentials penalized New York for her advantages by saying that the arbitrary differentials are merely substitutes for the more substantial and logical differences in favor of Philadelphia and Baltimore which would naturally exist, and that they are established not for the purpose of diverting traffic from New York but as a limitation upon the arrangement which New York had secured for diverting traffic from Baltimore and Philadelphia, and in an effort to prevent New York from acquiring all.

The Boston interests assert that the Boston railroads are entitled by law and that it is their duty to meet the lowest export and import rates offered via any of the ports here considered, and in this position the Boston & Maine Railroad concurs. Boston asks, therefore, an order or an expression of opinion from the Commission to the effect [63] that the inland rates on import and export traffic from and to the ports of Boston, Philadelphia, and Baltimore should be the same, and that they should be lower than like rates to and from New York to the extent of the present differentials at Baltimore. They state that it is conclusively shown that Boston can not live commercially without equal inland export and import rates with Baltimore. They ask "the boon of free competition" in order that Boston may secure an equitable share of the export and import traffic. It is somewhat difficult to see how the fixing of arbitrary and artificial differentials can be tantamount to "the boon of free competition."

They call attention to the long list of natural and acquired advantages existing at the port of New York, and from it argue that if Boston is deprived of its advantage of lower ocean and through rates it can not compete on even terms with New York any more than can Philadelphia or Baltimore. The advantages referred to are, a natural port, unlimited capacity for future development, the Erie Canal, fast and frequent steamship service, option market, guarantee of quality of export flour, banking facilities, credit market, ocean rates, and numerous established commercial and trade connections with foreign countries. Not doubting that New York has all of these advantages we inquire, Which of them has not come as a gift of Nature or as a result of judicious investment or commercial enterprise? And which if any of them may, as a matter of law, be taken from New York or nullified by arbitrary rail rate adjustments that are not founded in reasonableness measured by the recognized standards, and the absence of unjust discrimination?

It is urged that the cost of delivering export traffic to and taking

import traffic from the steamships at New York, which is borne by the railroads, is materially greater than at Boston, and that therefore the rates to and from Boston should be less than to and from New York. This suggestion seems to ignore the probable fact that the cost of the additional haul to and from Boston would perhaps offset and perhaps exceed the additional terminal cost at New York.

It is said that Baltimore and Philadelphia have a tremendous advantage over Boston in the exportation of grain raised in the states nearby to Baltimore and Philadelphia. Is this an advantage of which Philadelphia or Baltimore may lawfully or justly be deprived by rate adjustments?

It is urged that the all-rail differentials applying at Baltimore and Philadelphia, which are greater than the ex-lake differentials, give Philadelphia and Baltimore a practical monopoly of the all-rail export grain as against Boston. It is to be noted, however, that substantially all of the all-rail export grain reaching Philadelphia and Baltimore is transported from points of origin or from primary [64] markets over the Pennsylvania and Baltimore & Ohio systems, neither of which reaches Boston.

Boston suggests that New York had little to say as to diversion of export traffic from New York to Boston "for the very good reason that the inland export rates are the same to the two ports," and that on equal export rates, inland and ocean, New York "is cutting the ground from under Boston." It is difficult to see how any unjust discrimination against Boston can be found in an adjustment which for a substantially longer rail haul gives it the same rates as New York, and it is equally difficult to see upon what basis we would find that Boston is entitled to lower inland rates on traffic to or from differential territory than is New York.

It is said that under equal inland rates to New York and Boston any change in the relative movement of this traffic caused by change in the ocean rates simply manifests the need of the steamship lines which have lines common to both ports for the particular traffic at the respective ports. Manifestly this is so and it ought to be so, and in a modified degree it is true where differentials exist, for the ocean rates to and from the differential ports are fluctuated in order to accommodate the needs and wishes of the steamship lines. Each of the ports contends that its traffic is "diverted" to one or more of the other ports, but inasmuch as no fixed proportion of the traffic has been assigned to any port and as the records show that the percentages of traffic moving through the different ports varies from year to year and from period to period, it would seem more accurate to say that the rate ad-

justments are made for the purpose of attracting traffic to the several ports.

In recent years certain steamship lines have arranged their sailings so that their vessels land at Boston or Philadelphia on the westward voyage and proceed thence to Baltimore to leave part of their cargo and to secure cargo for the eastward voyage. The exportations of grain from Baltimore have greatly increased in recent years. It may be that this is to some extent due to the differential rates, but to some extent it is because of attractive port facilities for the handling of that traffic, and in part it comes from the large quantities of near-by grain which could not under any reasonable rate adjustment find outlet through the other ports.

Boston experiences some difficulty in getting steamers to come there with imports which it needs because the vessels are unable to there secure eastbound lading. But it can not be that in law the duty devolves upon the railroads to so adjust their rates as to equalize those conditions, or that it is within the reasonable and proper exercise of the powers of this Commission to require such adjustments. If certain imports would naturally move to Boston and certain [65] exports would naturally move from Baltimore, why should the railroads or this Commission so adjust the rail rates as to equally divide that tonnage and insure equal steamship sailings to and from those ports?

Of the imports through Boston only 22 per cent. are for differential territory. A large portion of the export tonnage through New York moves to foreign ports to which steamship lines have direct sailings from New York and no sailings from the other ports.

As we have seen, Baltimore and Philadelphia export large quantities of grain grown in territory tributary to those ports and the surplus of such crops or the attractiveness of the export market for them would necessarily affect that movement from year to year. It appears that dissatisfaction of exporters with the inspection at a certain market may and does affect the exportations from that port.

Looking at the geography of the principal railroads serving these several ports, we find that the New York Central lines constitute a system which reaches many of the important commercial centers in the differential territory, with termini at New York, Boston, Chicago, and St. Louis. Traffic moving to and from Boston via this system would not move through New York, but would go via Albany and the Boston & Albany line. The Boston & Maine Railroad has lines west and north from Boston and connects with the Canadian Pacific, which has its own line to Detroit; with the Grand Trunk, which has its own line to Chicago and other important centers in differential territory;

and with the New York Central and other lines at or near Albany. The Lehigh Valley has a line from Buffalo to New York and reaches Philadelphia in connection with the Philadelphia & Reading. The Delaware, Lackawanna & Western has a line from Buffalo to New York and has connections with the Pennsylvania Railroad to Philadelphia and to Baltimore. The Erie Railroad has a line from Chicago and other important centers in differential territory to Buffalo and to New York. The Pennsylvania Railroad, with its allied lines, has main lines from Chicago, St. Louis, and many other important points in differential territory to Baltimore, Philadelphia, and New York. Its line from the West to New York passes through Philadelphia. It has lines to Buffalo, Erie, and Cleveland, on Lake Erie, and traffic moved by it between those ports and New York goes via Philadelphia. The Baltimore & Ohio system has lines from Chicago, St. Louis, and many other important places in differential territory through Baltimore to Philadelphia. By arrangement with the Philadelphia & Reading and the Central of New Jersey its through route is extended from Philadelphia to New York, at which point the Baltimore & Ohio has and operates its own terminal facilities. This system reaches Toledo, Sandusky, Lorain, Cleveland, and Fairport, on Lake Erie.

[66] Every railroad desires to get the longest possible haul on the traffic which it transports, and therefore the Boston & Maine, the Grank Trunk, and the Canadian Pacific naturally prefer to see the traffic move through Boston. The New York Central, the Lackawanna, the Lehigh Valley, and the Erie prefer to see it move through New York. Philadelphia is the home city of the Pennsylvania system and it is to its interests to have the traffic move through Philadelphia. Baltimore is the home city of the Baltimore & Ohio system and it is to its interests to see the traffic move through Baltimore. The haul via the Pennsylvania system is substantially the same to Philadelphia and to Baltimore and is some 90 miles greater to New York than to Philadelphia. The haul via the Baltimore & Ohio system is 90 miles farther to Philadelphia than to Baltimore and 186 miles farther to New York than to Baltimore. As stated, these systems assert their right to charge more for the longer haul and the extra service. In addition to this the Baltimore & Ohio shows that its earnings on a shipment to or from Baltimore are greater than on the same shipment to or from New York, due to the fact that on the New York business it must divide the earnings with its connections and must perform a substantially more expensive terminal service.

The traffic being that which moves to and from recognized competitive territory, all of the carriers that are in a position to do so join

with their connections in moving such of it as they can secure to any and all of the ports under the so-called differential rates. The carriers whose lines reach the points of origin and destination of this traffic and all of their connections compete for it, and, in so far as the differential adjustment is observed, distance is largely disregarded.

As a matter of fact the differential adjustment is not adhered to. This is evidenced by the facts developed in *Federal Sugar Refining Co.* v. *B. & O. R. R. Co.,* 17 I. C. C. 40, and by the fact, incidentally brought out in this case and investigated from the records of the carriers by examiners of the Commission, that upon eight cargoes of agricultural implements exported through Baltimore between Jan. 1 and April 1, 1911, the delivering line at Baltimore and its connections paid the agent of the shippers approximately $35,000 allowance "in lieu of lighterage and floatage," when in fact no such service was performed as to any of the tonnage making up those cargoes. The allowance was made on the strength of a tariff of the terminal line at Baltimore which applied only at Baltimore and the existence of which was not generally known.

Complainants urge that the present proceeding differs from previous proceedings affecting the same issues in that now the Commission has been vested with rate-making power and must determine the inherent reasonableness of the rates in question.

[67] A mass of statistics have been filed by the parties, each arguing from its statistics the conclusions which it thinks should be reached. Complainants say: "The statistics and the testimony relating to the movement of traffic are all immaterial except as they may have a bearing upon the historical facts relating to the origin and purpose of the differentials." Many of these statistical tables are of value only to that extent, for the reason that they are not confined to and do not assume to differentiate the traffic to which the differential import and export rates apply. There is a heavy movement of import and export traffic through the several ports which has destination or origin at the ports or at points not situated in the differential territory. In making the differential agreement it was apparently conceded that the territory east of the Buffalo-Pittsburgh line was largely noncompetitive, and that the import and export traffic having destination and origin therein would and should find its way to the natural or most convenient port. Numerous statistical tables measure the relationship of the ports and the effect of the rate adjustments upon the movement of traffic by showing the value of the imports or exports. Manifestly, such statistics, which include the value of precious stones, metal, bullion, and perhaps money, are of no help in determining the question here presented.

One exhibit shows that of the total movement of import traffic through the four ports, New York secured for the period 1909 to 1911, inclusive, 39.6 per cent., as compared with 31.1 per cent. for the period 1906 to 1908, inclusive. The percentages of the other ports for the same periods, respectively, were: Philadelphia 19.1, 20.4; Baltimore 28.1, 34.4; Boston 13.2, 14.1. The total increase in tonnage was 815,-098 tons, of which New York secured 513,868 tons.

Another exhibit shows that of the import traffic in tons to differential territory for 1911, New York secured 58.4 per cent. of that which moved under class rates and 28 per cent. of that which moved under commodity rates; Philadelphia secured 15.4 per cent. under the classes and 24 per cent. under the commodity rates; Baltimore 18.1 per cent. under the classes and 32 per cent. under the commodity rates; and Boston 8.1 per cent. under the classes and 16 per cent. under the commodity rates.

On an exhibit it appears that of the exports of wheat, corn, and oats, New York secured in 1899, 25 per cent.; in 1905, 25.8 per cent.; in 1911, 24.4 per cent. Its highest percentage was 27.5 in 1907, and its lowest 16.9 in 1910. During the same period Philadelphia had 12.3 per cent. in 1899; 8.6 per cent. in 1905; 10.8 per cent. in 1911. Its highest percentage was 15.7 in 1900, and its lowest 7.5 in 1903. Baltimore had 17.4 per cent. in 1899; 13 per cent. in 1905; 14.6 per cent. in 1911. Its highest percentage was 17.6 in 1901 and its lowest 8.6 in 1909. [68] Boston had 10.2 per cent. in 1899; 10.5 per cent. in 1905; 11.3 per cent. in 1911. Its highest percentage was 12.3 in 1901 and its lowest 7.5 in 1903.

It is thus seen that while the percentages of the several ports have fluctuated widely from year to year the differences between 1899 and 1911 are not striking. Each of the ports has a slightly smaller percentage excepting Boston, which increased 1 per cent.

During the same period the percentages of export flour secured by the several ports are stated to have been as follows: New York, in 1899, 28.4; in 1905, 36.4; in 1911, 36.4. Its highest percentage was 36.4, in 1905 and again in 1911, and its lowest 26.3, in 1901. Philadelphia had 14.1 per cent. in 1899, 16 per cent. in 1905, 10.7 per cent. in 1911. Its highest percentage was 22.2, in 1907, and its lowest 10.7, in 1911. Baltimore had 20.8 per cent. in 1899, 15.2 per cent. in 1905, 9.9 per cent. in 1911. Its highest percentage was 21.8, in 1903, and its lowest 9.3, in 1910. Boston had 10.1 per cent. in 1899, 6.2 per cent. in 1905, 6.2 per cent. in 1911. Its highest percentage was 10.4, in 1900, and its lowest 5.1, in 1903.

On this traffic it appears that New York has made a substantial gain, while the other ports have lost, the greatest loss being experienced by Baltimore.

Another exhibit purporting to show the exports of flour through those ports for the years 1906 to 1911, inclusive, shows that in 1906 New York had 42 per cent. and in 1911, 60.4 per cent.; that in 1906 Boston had 10 per cent. and in 1911, 6.4 per cent.; that in 1906 Philadelphia had 27 per cent. and in 1911, 16.7 per cent.; that Baltimore had 21 per cent in 1906 and 16.5 per cent. in 1911.

The differences in the percentages shown in these exhibits emphasize the difficulty of basing any conclusion upon the statistics, even if they were controlling. It was suggested before the hearing was had that the contending parties get together and agree upon a uniform basis and method of preparing the statistics, but that suggestion was not acceptable and each party has prepared its own from such sources and authorities and in such manner as it elected.

Another exhibit shows that of the tonnage of export flour and grain products moving lake-and-rail for the years 1909 and 1910 New York secured 33 per cent., Boston 9 per cent., Philadelphia 28 per cent., and Baltimore 30 per cent.

From this it would appear that this tonnage moved in quite equal volume to the ports of New York, Philadelphia, and Baltimore. Obviously it would require some unusual condition or some strong inducement to attract this business to Boston, especially in view of the fact that the main trunk lines reaching Baltimore and Philadelphia and New York have their own boats on the lakes.

[69] Another exhibit shows the movement in bushels of export Canadian breadstuffs in bond for the period 1904—1909 and 1910—1911. In the first period Boston secured 6,800,000 and in the second period 8,200,000; Philadelphia secured for the two periods respectively 1,900,000 and 5,400,000; Baltimore, 460,000 and 2,020,000; New York, 5,600,000 and 11,400,000.

From this it is argued that Boston secured an increase of 20.5 per cent., while the others secured increases in much larger percentages, but it is seen that although Boston had increased in the second period over the first 20.5 per cent. and Baltimore 333 per cent., Boston had for the second period 8,200,000 bushels, as compared with Baltimore's 2,020,000, and that, although Philadelphia had increased 184 per cent., it had for the second period but 5,400,000 bushels.

An exhibit stating the percentage of tonnage of west-bound import freight destined to and beyond the western termini of the trunk lines, which, generally speaking, means Buffalo, Pittsburgh, and beyond,

shows that in 1905 Boston had 9 per cent. and in 1910, 13.1 per cent.; that in 1905 New York had 34 per cent. and in 1910, 36.1 per cent.; that in 1905 Philadelphia had 16.4 per cent. and in 1910, 18.2 per cent.; and that in 1905 Baltimore had 31.2 per cent. and in 1910, 26.1 per cent.

The original agreement for differentials was based on the fact that the ocean rates for freights to and from foreign markets were less from and to New York than from and to the other ports, and the effort was to equalize the entire through charge via the several ports.

Where there is steamship competition between two or more of our ports and the same foreign destination, the ocean freights are higher to and from Boston, Philadelphia, and Baltimore than to and from New York. It appears that the steamship lines plying from Boston, Philadelphia, and Baltimore absorb or ''get'' as much of the differential inland rate as possible in their higher ocean rates. But this has the effect of giving these ports ocean service which otherwise they would not have.

It appears that full cargo rates are now the same from all of the ports, but that substantially no full cargo business is done except at Baltimore and Philadelphia. In some instances full cargoes are moved by independent tramp vessels, and in some instances by tramp vessels that have been employed by regular lines to move tonnage which they can not accommodate in their regular boats. Some contend that the ocean rates are known and stable quantities. But that contention is, we think, overcome by a preponderance of testimony in this and other proceedings, and by the fact that one important ocean freight-carrying line in declining to comply with a request for [70] copies of its schedules of rates, stated that they were not tariffs in the sense that they would or could be maintained. The ocean rates fluctuate according to the spare room available as the time approaches when the vessel must sail. The lines sailing from Baltimore and Philadelphia know that the inland rates are lower to and from those ports than to and from New York, and that therefore they can get higher ocean rates at the out-ports. In other words, the differentials to some extent operate as a bonus to the ocean carriers to bring traffic to and seek traffic at the ports where the lower inland rates apply. But it is contended that the ocean haul is longer to and from the out-ports than to and from New York, and that therefore the ships will not serve the out-ports unless they can get somewhat higher rates there. It was testified in the 1905 proceeding and again in this record that it costs less to load boats at Baltimore and Philadelphia than in New York. Some witnesses say that, all things considered, the ocean transportation is less

to and from the out-ports than to and from New York. Others, however, contradict this.

Representatives of the contending ports show elaborately their several natural and acquired advantages, the improvements that have been made and that are in contemplation, the number of ocean lines plying to and from the ports, and the number of sailings. The out-ports argue that the differentials are essential to their existence as import and export ports, and that if the differentials are not preserved the only part of this traffic which they can secure will be that which New York is physically unable to handle. New York's representatives say that the state and city have expended large sums of money to improve the harbor and enlarge its facilities and that the arbitrary differentials against New York and in favor of the other ports counteract or largely nullify the benefits which they ought to reap from those efforts and expenditures.

The fact that the United States government has done much to improve these various waterways and harbors is referred to, from which it is only reasonable to infer that it is the policy of the government to have these several ports available and to encourage traffic through them. It is too well established to admit of further argument that neither the railroads nor the Commission may adjust rates in such way as to deprive a place of its natural advantages or give it artificial advantages which are withheld from a competitor. If this is true as to natural advantages, it must be doubly true as to advantages acquired through enterprise and investment.

Complainants allege that higher rates are imposed to and from New York to offset New York's advantages. Representatives of Baltimore and Philadelphia say that it is not the maintenance of higher rates at New York, but the maintenance of lower rates at Philadelphia [71] and Baltimore, to which they are entitled by their geographical position. Whether we say that higher rates are maintained at New York or that lower rates are maintained at Baltimore and Philadelphia we reach the same result. The difference between the rates is the same.

Reference is made to an option market in New York as one of its advantages, and the absence of such market at the other ports as one of their disadvantages, which justify the differences in the rates. We do not think that the existence of an option market at one place and the absence of it at another place is a proper consideration in the relative adjustment of rates.

The short line from Buffalo to New York is 398 miles, to Philadelphia 416 miles, and to Baltimore 396 miles. From Buffalo to these three ports there is no substantial difference in distance. The short

line from Erie to Baltimore is 424 miles, and to Philadelphia it is 436 miles; from Fairport to Baltimore it is 454 miles, and to Philadelphia 473 miles. Erie is a Lake port served principally by the Pennsylvania system and Fairport is served principally by the Baltimore & Ohio system, and, as has been seen, the traffic via either of these systems from Erie or from Fairport to New York passes through Baltimore or Philadelphia or both.

Complainants ask what can justify the Commission prescribing greater through rates on traffic that moves between Chicago and Buffalo by steamer and between Buffalo and New York by rail than upon the same traffic between Chicago and Philadelphia or Baltimore by lake-and-rail via the other lake ports, aside from supporting the all-rail differentials in the effort to parcel out a division of the traffic between the several ports?

While the rail haul from Erie or Fairport to the Atlantic ports is greater than from Buffalo the lake haul to Erie or Fairport is correspondingly less than to Buffalo. This question can not be determined upon the basis of distance alone. If it were, Baltimore would be given more advantage than it now has. The interests of all concerned and the matter of lawful and controlling competition must, as will appear, be considered.

The great bulk of the high-class tonnage moves through the port of New York, and that moving through the other ports is largely the heavier low-grade commodities, such as grain, flour, ores, burlap, coal, etc. It appears both in the previous record and in this that a small difference in the freight charges on grain determine the port or market to which it will go and affect the price of the grain. A New York grain exporter testified that he could not export from New York in competition with Baltimore. When asked by counsel for Baltimore interests why in that case he did not ship from Baltimore, he replied, referring to a rule of the Baltimore Board of Trade which [72] imposes a penalty upon shipments made by others than the members of that board:

> Because we can not ship from Baltimore and pay you gentlemen down there a commission for handling our grain.

Apparently the steamship companies prefer to handle the heavy traffic through Baltimore or Philadelphia, and they adjust their rates with that in view. To some degree, at least, the inland differentials contribute to that result. In 1881 Mr. Albert Fink, then commissioner of the trunk lines, stated in a report (*ante*, p. 5) on this subject:

> Whether the differentials are maintained or not free ocean competition acts at least in a great measure as an equalizer of the through rates.

If this is not true, manifestly it ought to be. And if the inland rates are free from artificial adjustment the steamship lines must compete on the ocean.

Witnesses testify that generally ocean rates from foreign ports to Boston, Philadelphia, and Baltimore are lower than to New York, and that the ocean rates from the various ports to a given foreign port are such as, in some instances, make it impossible to move the traffic through New York. It seems that rates from foreign destinations to the out-ports are generally so much per 100 pounds, while to New York they are on a measurement or space basis, which makes an exact comparison difficult, if not impossible. In many instances the ocean rates from the out-ports are lower than from New York, although in other instances they are higher. One witness testifies "last year as well as this year the steamship lines from the United Kingdom have made the same rates to New York as to the out-ports in most cases." It appears that whenever there is a readjustment of the inland rates the steamship lines take up the shrinkage by adjusting their rates to and from the several ports.

In January, 1902, a number of the ocean carriers entered into a minimum freight agreement not to contract for carriage by steamships under their control any shipments of the commodities named in the agreement from the United States or Canada to ports in Great Britain or Ireland at lower rates of freight than those specified, and that they would not make or allow made any rebate to shippers or consignees. This agreement was made in Liverpool and gave no recognition to the inland freight differentials in the United States. It was to stand for 14 days, at which time any party thereto might withdraw, and such withdrawal would release the others.

In March, 1902, the parties to the agreement resolved that the benefits of the minimum rates should be maintained, but that owing to differentials on inland rates, insurance rates, differences in steamer hauls, etc., it was desirable to elaborate and revise the agreement, [73] and a committee was appointed for that purpose. This committee reported about a month later, and a majority were in favor of adjustment of ocean rates by taking the inland differentials into account.

We pause here to remark that the adjustment of inland differentials to compensate the ocean disabilities, followed by an adjustment of ocean rates which takes into consideration the inland differentials, would constitute an endless chain or be tantamount to moving about in a circle.

In May, 1902, a report of the committee was adopted which fixed certain minimum ocean rates on a number of commodities. The vari-

ous ports were grouped together under the same rates as follows: New York, Boston, and Portland; Montreal, Quebec, and Philadelphia; Baltimore and Newport News. This schedule was to stand for a trial period of 3 weeks, and was afterwards extended subject to 14 days' notice of withdrawal. In June, 1902, withdrawal of certain commodities and traffic began, and in an effort to preserve the agreement the committee in July recommended concessions on certain commodities to the ports of Philadelphia and Baltimore which amounted to about one-half of the inland differentials to those ports. Thereupon notice of withdrawal from the agreement was recalled.

In July, 1903, on a request that the steamship lines from Philadelphia, Baltimore, and Newport News advance their rates to equalize through rates with Boston, it was agreed that the minimum ocean rates on flour to Liverpool originating in differential territory should be: From Boston, New York, and Portland, 8.44; from Quebec and Montreal, 10.44; from Philadelphia, Baltimore, and Newport News, 9.44. For September shipments the rates were to be: From New York, 8.44; from Philadelphia, 9.44; from Baltimore, 9.94.

The effort to maintain any permanent agreement among the ocean lines appears to have failed because of the insistence of one of the Baltimore lines upon lower rates from and to Baltimore.

The territory contiguous or local to the several ports would afford each of them control of more or less of the export and import traffic, and in the competitive territory much of the traffic is so controlled by the originating or delivering lines that it would naturally move to such port as they prefer. One importer testified that he had found the service through Baltimore more satisfactory and that even on equal rates he would not use the port of New York. Each port has certain attractions for particular classes of traffic, and it appears that the heavier commodities can be handled more economically and expeditiously at some of the out-ports than at New York. Ocean-going steamers can be loaded with grain directly from the elevators at Baltimore. A great part, if not all, of the traffic has to be lightered at New York.

[74] The Baltimore interests assert that in the former hearing it was shown that Baltimore was the only one of these ports that was on a natural rate adjustment, inasmuch as the domestic rates and the inland rates on export traffic through Baltimore were the same, while at the other ports the export rates were lower than the domestic rates, and that from this it follows, as appeared in the former hearing, that the export rates to Baltimore can not be advanced without at the same time advancing the domestic rates.

Under the tariffs now in effect the domestic and export all-rail class rates from Chicago are the same, respectively, to New York, Philadelphia, and Baltimore, and the export rates to Boston are lower than the domestic rates. The export rates on grain are lower than on domestic shipments to the several ports as follows: Boston, 5 cents; New York, 3 cents; Philadelphia, 2 cents; Baltimore, 1½ cents.

In the former hearing the Commission found that the cost of delivering grain into the hold of a ship from the average point of origin was approximately 3 cents less at Baltimore than at New York. The differential in favor of Baltimore is 1½ cents.

It is clear that the differential agreement was originally made in an attempt to equalize the total charges on import and export traffic through the several ports, as gateways. We have no jurisdiction of the ocean rates and must deal with this question as though the ports were destinations instead of gateways. This does not mean that the carriers may not take into consideration the previous or further transportation of the traffic on the ocean and thus differentiate it, reasonably, from domestic traffic, but the rates to and from the ports must be reasonable, must be published as independent from the ocean transportation, and are subject to all of the provisions of the act: *Cosmopolitan Shipping Co.* v. *Hamburg-American Packet Co.*, 13 I. C. C. 266; *Armour Packing Co.* v. *U. S.*, 209 U. S. 56. It is our duty to see that shippers are accorded reasonable rates and that undue discrimination is not practiced against shippers, commodities, or communities. It is also our duty to consider the interests of all of the shippers and communities affected and to refrain from condemning discriminations which are not unjust. Much weight has always been given to rate adjustments of long standing to which commercial conditions have adjusted themselves, and in this connection it is to be noted that Baltimore and Philadelphia have had lower rates than New York for more than 40 years.

Each railroad was originally constructed to reach certain points and to serve certain territories, and they have expanded by construction, purchase, and lease of other lines as it has seemed to their interests to do. Each of them owes a duty to the entire public and each of them owes a peculiar duty to the persons and communities [75] which it directly serves and which are dependent upon it. In addition to serving the places and territories directly reached by it, each system endeavors to increase its total revenues by securing as much competitive traffic as is possible.

It is urged that Boston is as dependent as is Philadelphia or Baltimore upon the differential territory for its exports and imports, and

the Boston interests join in the contention that the railroads should so adjust their rates as to insure movement of a certain or substantial part of the traffic through those ports. Neither the carriers nor the Commission has any right to undertake to so apportion the traffic between rival ports or cities. While recognizing the right of the carriers to conserve the interests of the ports and territories served by them, we can not consider the carriers as one great and single system: *Investigation and Suspension Docket No. 26,* 22 I. C. C. 604.

The Baltimore & Ohio and the Pennsylvania systems, reaching by their own lines so many of the important commercial centers in the middle west and so many of the lake ports and having their own boats on the lakes and hauling all of their New York traffic through either Philadelphia or Baltimore or both, control the rate situation between the territory here considered and Baltimore and Philadelphia. The competitive conditions at Baltimore and Philadelphia are created by these systems, and the rate situation to and from those ports is controlled by them. It was this control by these systems that led to the making of the differential agreement. We do not recognize such an agreement as lawful, but the conditions which brought it about are as strong to-day as they ever were and we find now, as we found in the *North Atlantic Ports case, supra,* that the Pennsylvania and the Baltimore & Ohio have the lawful right to maintain lower rates to and from Baltimore and Philadelphia than they contemporaneously maintain to and from New York. They would probably also have the right to make these rates the same to and from all of those ports if they chose to do so.

The Boston lines have an undoubted right to make such rates to and from Boston as their interests demand, subject only to the limitations that the rates must be reasonable; that they may not carry that traffic at less than the cost of the service and so unduly burden other traffic, and may not unjustly discriminate against other points which they serve or in whose traffic they participate. The New York Central and the Erie, having their own lines from Chicago and Buffalo to New York and no lines to Philadelphia, Baltimore, or Boston, have a right to make their rates to and from New York as they choose, subject to the same limitations. The Lehigh Valley and the Lackawanna directly serve New York, and, through established connections, serve also Philadelphia and Baltimore. They, of course, may not unjustly discriminate against either of these ports.

[76] If the New York lines and other connections of the Baltimore & Ohio and the Pennsylvania systems participate in the haul of traffic to and from Philadelphia or Baltimore, they must do so under the

competitive conditions created by the Baltimore & Ohio and the Pennsylvania at Baltimore and Philadelphia which the other lines are unable to control, and under these conditions we do not think it unlawful if they participate in the movement of traffic to and from Philadelphia and Baltimore under competitive rates even though at the same time they maintain higher rates to and from New York: *Railroad Commission of Kansas* v. *A., T. & S. F. Ry. Co.*, 22 I. C. C. 407; *Indianapolis Freight Bureau* v. *C., C., C. & St. L. Ry. Co.*, 23 I. C. C. 195.

As to lake and rail traffic through Buffalo and ex-lake traffic from Buffalo, the distance and the service via the short lines is substantially the same to Baltimore and to New York, but if the New York lines were to withdraw from participation in that traffic to and from Baltimore or Philadelphia, it could and doubtless would move in the same volume via the other lines, and, in any event, that which reaches Buffalo must move there in competition with the other lake ports, such as Erie, Fairport, etc.

The theory of the law is that carriers shall establish and maintain through routes and joint rates so that there may be the freest movement of traffic without the necessity of reshipment. In the formation of these through routes, however, the law recognizes the right of a carrier to protect its own long haul, and a carrier may not be required against its will to participate in a through route between any two points which does not include all or substantially all of its line or lines between those points, except when an unreasonably long or circuitous route would otherwise be created. The law also recognizes the right of the shipper to dictate the intermediate routing of his shipments over available through routes. We therefore think that it is not unlawful and not unjustly discriminatory against New York for the carriers which serve it to participate in the competitive traffic to Philadelphia and Baltimore at the lower rates fixed at those points by the carriers whose lines control those situations.

As before stated we neither recognize nor consider the differential agreement as lawful. The law contemplates free competition and condemns any combination which restrains such competition. We repeat that defendants Baltimore & Ohio and Pennsylvania systems have a lawful right to maintain lower rates between this differential territory and Baltimore and Philadelphia than they contemporaneously maintain to and from New York. The New York lines and their connections have a right to meet the competition so created at Philadelphia and Baltimore and which is beyond their control, while [77] at the same time maintaining higher rates to and from New York. We think that as to this traffic, it would not be unjustly discriminatory for de-

fendants to maintain the same rates to and from New York and Boston. We are not to be understood as holding that the present rate adjustment will for all time or for any particular period of time be just and reasonable, but we can not find that reasonable differences in rates as between Philadelphia and Baltimore on the one hand and New York on the other hand unjustly discriminate against New York. We find no justification for lower rates to and from Boston than to and from New York.

We are of the opinion:

(*a*) That differentials under New York on all-rail and lake-and-rail export shipments from differential territory to Baltimore should not exceed 3 cents per 100 pounds, and to Philadelphia should not exceed 2 cents per 100 pounds, on the classes and on commodities other than grain. On all-rail and lake-and-rail export shipments of grain the differentials under New York should not exceed 1.5 cents per 100 pounds to Baltimore, and 1 cent per 100 pounds to Philadelphia.

(*b*) That as to all of this traffic the export rates to Boston should not be lower than to New York.

(*c*) That the differentials under New York from Buffalo, N. Y., Erie, Pa., and West Fairport, Ohio, to Baltimore and Philadelphia on ex-lake grain from differential territory for export should not exceed 0.2 of a cent per bushel on barley and oats, and 0.3 of a cent per bushel on wheat, corn, and rye.

(*d*) That differentials under New York on import traffic, all-rail and lake-and-rail, from Philadelphia and Baltimore to differential territory should be no greater than those which existed in the latter part of 1908, to wit, in cents per 100 pounds:

Classes	1	2	3	4	5	6	Commodities.
Philadelphia differentials	6	6	2	2	2	2	2
Baltimore differentials	8	8	3	3	3	3	3

And that the import rates from Boston should not be lower than from New York.

On the understandings and submission filed in *In the Matter of Import Rates*, 24 I. C. C. 78 (*post*, p. 403), heard in connection with this case, we understand that defendants will promptly adjust their rates in conformity with these views, and therefore no order will now be issued.

The case will be held open for the entry of such order as may hereafter be found necessary.

IN THE MATTER OF IMPORT RATES.

24 I. C. C. 78.

IN THE MATTER OF IMPORT RATES.

Decided June 4, 1912.

(24 I. C. C. 78.)

For reasons given in *Chamber of Commerce case, ante,* page 377, Philadelphia and Baltimore allowed certain differentials under New York on import traffic, but held that the import rates from Boston should be the same as from New York.

William M. Coates for Philadelphia trade bodies.

A. S. Crane and *Edgar J. Rich* for Boston & Maine Railroad.

J. B. Thayer, George D. Dixon, and *George Stuart Patterson* for Pennsylvania Railroad Company.

Charles S. Hamlin and *D. O. Ives* for Boston Chamber of Commerce.

George F. Randolph, W. Irvine Cross, Hugh L. Bond, Jr., Robert B. Ways, and *C. S. Wight* for Baltimore & Ohio Railroad Company.

Robert Ramsay for commercial bodies of Baltimore.

Frank L. Neall for joint committee of trade bodies of Philadelphia.

C. F. Daly, Clyde Brown, Chas. C. Paulding, and *W. S. Kallman* for New York Central lines.

N. B. Kelly for Philadelphia Chamber of Commerce.

John F. Auch and *Charles Heebner* for Philadelphia & Reading Railway Company.

T. N. Jarvis and *Walter T. Moore* for Lehigh Valley Railroad Company.

Harry E. Belles for United Business Men's Association of Philadelphia.

Arthur Geo. Brown and *John B. Daish* for Baltimore Chamber of Commerce and Board of Trade of city of Baltimore.

W. L. Divine and *A. P. Gilbert* for Chesapeake & Ohio Railway Company.

Philip Godley for Philadelphia Board of Trade.

John C. Howard for S. E. Comstock & Company.

James Collins Jones for Philadelphia Board of Trade, Philadelphia Chamber of Commerce, Commercial Exchange of Philadelphia, and Philadelphia Maritime Exchange.

James L. King for Commercial Exchange of Philadelphia.

E. J. Lavino for Philadelphia Board of Trade.

[79] *Ottmar Marcus* for Old Town Merchants & Manufacturers' Association of Baltimore.

Wm. A. Porcher for Trunk Line Association.

P. D. Todd and *P. F. Young* for Philadelphia Maritime Exchange.

Andrew C. Trippe and *James McC. Trippe* for Merchants' & Manufacturers' Association of Baltimore.

Herbert Sheridan for Baltimore Chamber of Commerce.

B. D. Caldwell, J. L. Seager, and *John H. Crawford* for Delaware, Lackawanna & Western Railroad Company.

REPORT OF THE COMMISSION.

CLARK, *Commissioner:*

In 1908, and for a period prior thereto, the inland import rates on shipments destined to points in the so-called "differential territory" from the several ports were, taking Chicago as illustrative, as follows, in cents per 100 pounds:

	All-rail; classes.						Lake-and-rail; classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Boston	70	61	47	33	28	23½	57	50	38	27	23	20
New York	75	65	50	35	30	25	62	54	41	30	25	21
Philadelphia	69	59	48	33	28	23	56	48	39	28	23	19
Baltimore	67	57	47	32	27	22	54	46	38	27	22	18

Under commodity rates, all-rail and lake-and-rail, Baltimore and Philadelphia had differentials under New York, respectively, of 3 cents and 2 cents per 100 pounds.

Early in 1909 the Boston roads reduced these rates and that action was followed by corresponding reductions from the other ports. Still further reduction was made from Boston, and that also was met by the lines from the other ports.

As a means of terminating the rate war thus inaugurated, the railroads serving the ports of Boston, New York, Philadelphia, and Baltimore and the commercial bodies of Boston, Philadelphia, and Baltimore requested the Commission in May, 1910, to decide or advise as to the adjustment of the inland import rates from the several ports, (*a*), temporarily, until the Commission could render a final decision; and (*b*), finally, after full hearing and investigation.

Under submission (*a*) the Commission decided that temporarily the inland import rates from Boston, Philadelphia, and Baltimore should be lower than from New York, and the same as then applied from Baltimore.

Shortly thereafter, complaint was filed by the New York interests alleging unreasonable import and export rates to and from New [80]
York and unjust discrimination against New York in the maintenance

of lower export and import rates to and from Baltimore, Philadelphia, and Boston. These two cases were heard, briefed, and argued together and the conclusions of the Commission have been announced in *Chamber of Commerce of the State of New York* v. *N. Y. C. & H. R. R. R. Co.*, 24 I. C. C. 55 (*ante*, p. 377). Those conclusions are controlling in the instant case.

We are therefore of the opinion that differentials under New York on this traffic, all-rail or lake-and-rail, from Philadelphia and Baltimore should be the same as, and in no event greater than, those which existed in the latter part of 1908, to wit, in cents per 100 pounds:

Classes	1	2	3	4	5	6	Commodities.
Philadelphia differentials	6	6	2	2	2	2	2
Baltimore differentials	8	8	3	3	3	3	3

and that the import rates from Boston should be the same as from New York.

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK, ET AL.,

v.

NEW YORK CENTRAL & HUDSON RIVER RAILROAD COMPANY, ET AL.

24 I. C. C. 674.

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK, ET AL.,

v.

NEW YORK CENTRAL & HUDSON RIVER RAILROAD COMPANY, ET AL.

Decided October 14, 1912.

(24 I. C. C. 674.)

Prior decision herein, in regard to import rates from Boston and New York and rates over certain differential lines, explained and modified.

Appearances same as in original report (*ante*, p. 377).

SUPPLEMENTAL REPORT OF THE COMMISSION.

CLARK, *Commissioner:*

The original report in this case is in 24 I. C. C. 55 (*ante*, p. 377). No order was entered. It now appears from further investigation that some modification of the original findings is proper and necessary.

At page 77 of the original report (*ante*, p. 402), we said:

We are of the opinion that differentials under New York on all-rail and lake-and-rail export shipments from differential territory to Baltimore should not exceed 3 cents per 100 pounds, and to Philadelphia should not exceed 2 cents per 100 pounds on the classes and commodities other than grain. On all-rail and lake-and-rail export shipments of grain the differentials under New York should not exceed 1.5 cents per 100 pounds to Baltimore and 1 cent per 100 pounds to Philadelphia.

It was not the intention to change the differentials on flour for export. Nothing was said in the hearings as to export rates on iron articles, and it was not intended to change the differentials thereon. That portion of the original report above quoted is therefore hereby modified so that it will read:

We are of the opinion that differentials under New York on all-rail and lake-and-rail export shipments from differential territory to Baltimore should not exceed 3 cents per 100 pounds, and to Philadelphia should not exceed 2 cents per 100 pounds, on the classes and on commodities other than grain, flour, and iron articles. On all-rail and lake-and-rail shipments of grain the differentials under New York should not exceed 1.5 cents per 100 pounds to Baltimore and 1 cent per 100 pounds to Philadelphia. On all-rail and lake-and-rail export shipments of flour the differentials under New York should not exceed 2 cents per 100 pounds to Baltimore and 1 cent per 100 pounds to Philadelphia.

[675] The present export differentials on iron and steel articles, under New York to Baltimore and Philadelphia, respectively, from representative points are generally as follows: From Chicago and Chicago rate points, to Baltimore 3 cents per 100 pounds where rates are stated per 100 pounds, and 60 cents per ton, net or gross, where rates are stated per ton; to Philadelphia, 2 cents per 100 pounds where rates are stated per 100 pounds, and 40 cents per ton, net or gross, where rates are stated per ton. From Detroit and points taking the same rates, to Baltimore, 3 cents per 100 pounds where rates are stated per 100 pounds, and 55 cents

per ton, net or gross, where rates are stated per ton; to Philadelphia, 2 cents per 100 pounds where rates are stated per 100 pounds, and 40 cents per ton, net or gross, where rates are stated per ton. From Pittsburgh and points taking the same rates, from Cleveland and points taking the same rates, and from Youngstown and points taking the same rates, to Baltimore, 1.5 cents per 100 pounds where rates are stated per 100 pounds, and 30 cents per ton, net or gross, where rates are stated per ton; to Philadelphia, 1 cent per 100 pounds where rates are stated per 100 pounds, and 20 cents per ton, net or gross, where rates are stated per ton. These differentials should not be exceeded.

There are other points of minor importance from which the export differentials on iron and steel articles are somewhat different from those which we have named. Without specifying such points, it is sufficient to say that those differentials should not be made greater than they are.

In the original report, page 77, we found that the import rates from Boston should not be lower than from New York, and in *In the Matter of Import Rates*, 24 I. C. C. 78 (*ante*, p. 403), we decided that they should be the same. We are now asked as to what import rates should apply from Boston, in view of the fact that there are certain differential lines, respectively, from Boston and New York.

The standard all-rail rates from New York are the same on both domestic and import shipments. The same is true as to the standard rail-and-lake rates and as to the ocean-rail-and-lake rates via New London, Conn., and the Canada Atlantic lines. The standard all-rail domestic rates from Boston are the same as from New York, and the same is true as to the standard rail-and-lake domestic rates. The domestic ocean-and-rail rates from Boston via Philadelphia, Baltimore, Norfolk, or Newport News are higher than the domestic ocean-and-rail rates from New York via Norfolk or Newport News.

Adhering to our original finding as to the general relationship of import rates from Boston and New York, but modifying and giving more specific application thereto, we hold that via the standard all-rail lines, the standard rail-and-lake lines, and the ocean-and-rail lines via Philadelphia, Baltimore, Norfolk, or Newport News, the import rates from Boston should not be lower than from New York.

There is a differential ocean-and-rail route from New York via New London, Conn., and the Central of Vermont and Grand Trunk roads. Via this route the domestic class rates to Chicago are on a scale of 65 cents, and the import rates are on a scale of 62 cents, [676] first class. If this route is open or opened to import traffic from Boston, import rates from Boston should not be lower than from New York.

There is a differential river-rail-and-lake line from New York via the Hudson River, the Rutland Railroad, and the lakes. There is no route from Boston that is fairly comparable with this one. Via this route the domestic and import class rates to Chicago are on a scale of 52 cents, first class. We do not understand that this route is open

to Boston traffic, but if it should be, the import rates from Boston should not be lower than from New York.

There is a differential route from New York, river-canal-and-lake, via the Hudson River, the Erie Canal, and the Lakes. There is no similar route from Boston. Via this route the domestic and import class rates to Chicago are on a scale of 42 cents, first class. We do not understand that this route is open to Boston traffic, but if it should be, the import rates from Boston should not be lower than from New York.

There are differential rail routes from Boston via the Boston & Maine and Boston & Albany roads in connection with the Canadian Pacific and National Despatch lines. Via these routes the domestic class rates to Chicago are on a scale of 70 cents, first class, and at the present time the import rates are the same as from Baltimore. The New York, New Haven & Hartford and Canadian Pacific Despatch publish the same scale of import rates, but not the same domestic scale.

The domestic rates via the Boston & Maine and Boston & Albany roads, in connection with the Canadian Pacific and National Despatch lines, being on a recognized differential scale, it is obvious that if these routes did not publish any import rates the domestic rates would be available on import shipments if such traffic were cleared at Boston. We see no reason for imposing that additional trouble upon the shippers and we hold that via these routes the import rates from Boston may be the same as the domestic rates.

There is a differential rail-and-lake route from Boston via the Boston & Maine, Grand Trunk, and Canada Atlantic Transit Company's lines through Depot Harbor which publishes domestic class rates to Chicago on a scale of 57 cents, first class. There is no route from New York that is exactly comparable with this one. The domestic rates via this route being recognized differentials under the standard rail-and-lake rates, we see no reason why import shippers should be obliged to clear their traffic at Boston in order to avail themselves thereof, and we hold that via this route the import rates from Boston may be the same as the domestic rates.

[677] All that we have said as to the relationship of import rates as between New York and Boston applies to both class and commodity rates.

As stated in the original report, the understandings and submission filed in *In the Matter of Import Rates, supra,* were relied upon to bring about a prompt adjustment of the rates in conformity with the views which we expressed, and no order was issued. As hereinbefore indicated, differences of opinion arose as to just what changes it was intended to effect. It was not possible at that time to bring the matter

before the full Commission, and the parties were therefore advised to hold the readjustment in abeyance until the Commission could give it further consideration. We understand that defendants are now prepared to adjust the rates in conformity with our findings, and will therefore not now enter an order. It is a common practice for the shippers to make yearly contracts with ocean steamship lines on their import traffic. It was understood in *In the Matter of Import Rates, supra,* that our decision would not fix an effective date that would interfere with such yearly contracts. Pursuant to that understanding and to what we believe to be the best interests of all concerned, we shall now expect the carriers to make their readjustments under our findings effective on January 1, 1913, and on not less than 15 days' notice to the Commission and to the public in the manner required by law.

IN THE MATTER OF IMPORT RATES.

24 I. C. C. 678.

IN THE MATTER OF IMPORT RATES.

Decided October 14, 1912.

(24 I. C. C. 678.)

Prior decision herein modified upon the findings in *Chamber of Commerce case, ante*, p. 377.

Appearances same as in original report (*ante*, p. 415).

SUPPLEMENTAL REPORT OF THE COMMISSION.

CLARK, *Commissioner:*

The original report in this case is in 24 I. C. C. 78. We there held that the import rates from Boston should be the same as from New York. Questions were raised as to what import rates should apply from Boston in view of the fact that there are certain differential lines respectively from Boston and New York. It was not possible at that time to bring these questions before the full Commission and the parties were therefore advised to hold the readjustment in abeyance until the Commission could give them consideration.

We have considered this question in supplemental report in *Chamber of Commerce of the State of New York* v. *N. Y. C. & H. R. R. R. Co.*, 24 I. C. C. 674 (*ante*, p. 409). Applying to the instant case findings there made, we decide:

(a) That via the standard all-rail lines and the standard rail-and-lake lines the import rates from Boston should be the same as from New York.

(*b*) That if the New York differential ocean-and-rail route via New London, Conn., and the Central of Vermont and Grand Trunk roads is open or opened to import traffic from Boston, the import rates from Boston should be the same as from New York.

(c) That via the differential rail routes from Boston via the Boston & Maine and Boston & Albany roads in connection with the Canadian Pacific and National Despatch lines, the import rates from Boston may be the same as the domestic rates.

(*d*) That via the differential rail-and-lake route from Boston via the Boston & Maine, Grand Trunk, and Canada-Atlantic Transit Company's lines through Depot Harbor, the import rates from Boston may be the same as the domestic rates.

[679] All that we have said as to the relationship of import rates as

between New York and Boston applies to both class and commodity rates.

For the reasons stated in supplemental report in *Chamber of Commerce of the State of New York* v. *N. Y. C. & H. R. R. R. Co., supra,* we here decide that the readjustment of import rates in accord with our findings shall be made effective January 1, 1913, and on not less than 15 days' notice to the Commission and to the public in the manner required by law.

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK, ET AL.,

v.

NEW YORK CENTRAL & HUDSON RIVER RAILROAD COMPANY, ET AL.

27 I. C. C. 238.

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK, ET AL.,

v.

NEW YORK CENTRAL & HUDSON RIVER RAILROAD COMPANY, ET AL.

Decided June 5, 1913.

(27 I. C. C. 238.)

After exhaustive consideration of all the matters presented on the rehearing the Commission is of the opinion that the conclusions announced in the original and supplemental reports are correct.

B. L. Fairchild for complainants.

C. S. Hamlin for commonwealth of Massachusetts and attorney-general thereof, port directors of Boston, Boston Chamber of Commerce, Boston & Maine Railroad, and Boston & Albany Railroad Company.

Arthur Geo. Brown and *John B. Daish* for Baltimore Chamber of Commerce and Board of Trade of Baltimore.

G. S. Patterson for Pennsylvania Railroad system.

J. C. Jones for Philadelphia Board of Trade, Philadelphia Chamber of Commerce, Commercial Exchange of Philadelphia, and Philadelphia Maritime Exchange.

W. I. Cross for Baltimore & Ohio Railroad Company.

A. C. Trippe for Merchants & Manufacturers' Association of Baltimore.

F. L. Neall for certain commercial interests of Philadelphia.

J. M. Swift, attorney-general, for commonwealth of Massachusetts and port directors of Boston.

SUPPLEMENTAL REPORT OF THE COMMISSION ON REHEARING.

CLARK, *Chairman:*

The original and supplemental reports in this case are at 24 I. C. C. 55 and 674 (*ante,* p. 377, 403). Motion for rehearing presented by the Boston commercial interests and the Boston & Albany and Boston & Maine railroads was granted on the sole question of the relationship of the inland rates on import shipments destined to the so-called differential territory, as between Boston and New York.

[239] In the original report we held that the import rates from Boston should not be lower than from New York. In the supplemental report we held that via certain differential routes from Boston which

carried recognized differential rates on domestic traffic, the import rates need not be higher than the domestic rates, for the reason that such an adjustment would simply impose upon shippers the necessity of clearing their import shipments at Boston in order to ship them under the lower domestic rates.

In the petition for rehearing one error is pointed out in that one of the exhibits filed by the Baltimore interests was referred to as indicating the effect upon traffic under the different adjustments as between contending ports, when in fact the exhibit covered a six months' period for one year and a 12 months' period for another year. This exhibit was one of several that were referred to in our report. It was in no sense controlling, and correction of the error would not in any way affect the conclusions reached.

Petitioners state that our conclusion that lower rates from Boston than from New York would be discriminatory against New York was "upon the express finding that the cost of the additional haul from Boston to differential territory would probably offset and perhaps exceed the additional terminal cost at New York." What we said was:

> It is urged that the cost of delivering export traffic to and taking import traffic from steamships at New York, which is borne by the railroads, is materially greater than at Boston, and that therefore the rates to and from Boston should be less than to and from New York. This suggestion seems to ignore the probable fact that the cost of the additional haul to and from Boston would perhaps offset and perhaps exceed the additional terminal cost at New York.

In the rehearing petitioners show that the carriers from New York provide in their tariffs for a drayage charge from piers to terminals of 80 cents per ton on certain classes of freight, and $1.60 per ton on certain other higher classes. They estimate that certain other services performed by the carriers at New York increase this cost to an approximate average of $1 per ton on the lower classes and $2 per ton on the higher classes. The estimated item of 20 cents per ton for the cost of loading into cars is also incurred and applicable at Boston.

Referring to the line haul from Boston, it is urged that the grades over the Berkshires between Boston and Albany are substantially less than the grades on the Baltimore & Ohio and Pennsylvania lines. It, however, appears that none of the import traffic from Boston moves via New York, and that practically all of it moves through the Albany or so-called Hudson River gateway. The question is one of relationship as between New York and Boston. The conditions west of the Hudson River gateway are identical as to this traffic from both [240] ports. The distance from New York to Albany is about 142 miles. From Boston to Albany it is about 201 miles.

The tracks and facilities in connection with which the terminal ex-

penses in New York are incurred are not devoted particularly to this traffic. The rates to and from New York apply to and from many terminals or loading and unloading points, one of which necessarily involves more terminal work and expense than another. It is admitted that it would not be desirable to have the rates to and from a commercial center like New York or Boston made different for every terminal or unloading point where the service may be different from that at some other loading or unloading point.

It is suggested that during the season of closed navigation ocean-and-rail rates are available from New York lower than those from Boston. During the season of open navigation the rates are the same. It is to be noted, as pointed out in our supplemental report, *supra*, that Boston has certain differential rail routes. These questions are worthy of mention, although they do not go directly to the question here considered, which is the rates via the so-called standard lines.

It is said that it is impossible for Boston to secure an adequate share of the imports to differential territory via the ocean-and-rail routes for the reason that the soliciting organizations for Boston have worked for many years solely for the all-rail routes, and it would be difficult for them to compete in Europe for western import business, and then have to give it to steamship lines via which the Boston railroads do not operate to be hauled over lines against which they have been competing for it.

The Boston interests urge that if the standard rail lines may not charge lower rates on import shipments from Boston than are charged from New York it will be a serious blow to the import traffic through the port of Boston. The principal point relied upon in support of this contention is the fact that the Boston & Albany and Boston & Maine railroads have a long-standing arrangement under which the American Express Company solicits this business in Europe for routing via Boston. In this work the American Express Company competes with the soliciting organization of the Canadian roads, and it is urged that if the inland rates from Boston must be not lower than from New York it will be necessary for the Boston lines to perfect some new soliciting arrangement. We have no desire to unnecessarily disturb any established and lawful organizations or arrangements, but in considering, as a question of law, whether or not lower rates from Boston are unjustly discriminatory against New York we can not permit the fact that removal of the discrimination would interrupt some such arrangement to be conclusive. We have made no inquiry as to the propriety or lawfulness of the arrangement in ques- [241] tion. As has been stated, the import shipments from Boston via the lines of the Boston & Albany and the Boston & Maine roads move through the

Hudson River gateway where connection is made with the New York Central and other of its controlled lines, and from there it moves via lines which serve or participate in the same traffic from New York. We do not think that the fact, if it be a fact, that the American Express Company will cease soliciting this business in Europe for the Boston lines if the rail rates from Boston are as high as from New York is justification for lower rates from Boston than from New York when the conditions of transportation from Boston and from New York are so substantially similar.

Attention is called to statement in our original report that it is the established policy of the railroads serving Norfolk and Newport News to maintain there the same rates that are contemporaneously maintained at Baltimore, and it is stated that this is not true as to rates on import traffic. The statement in our report was illustrative of the general competitive situation in the middle west, was general in its character, and, as a general statement, is correct.

Petitioners say that in our previous reports we did not undertake to fix any relation of rates as between Boston, Philadelphia, and Baltimore, but confined ourselves to fixing the relation of import rates as between Boston and New York.

In *In the Matter of Import Rates,* 24 I. C. C. 78 and 678 (*ante,* p. 403, 415), which was heard, argued, and decided in connection with the instant case, we said, at page 80 (*ante,* p. 407).

> We are therefore of the opinion that differentials under New York on this traffic [import], all-rail or lake-and-rail, from Philadelphia and Baltimore should be the same as and in no event greater than those which existed in the latter part of 1908, to wit, in cents per 100 pounds: * * * and that the import rates from Boston should be the same as from New York.

In our original report in this case we found:

> That differentials under New York on import traffic, all-rail and lake-and-rail, from Philadelphia and Baltimore to differential territory should be no greater than those which existed in the latter part of 1908, to wit, in cents per 100 pounds * * *. And that the import rates from Boston should not be lower than from New York.

Petitioners urge that there can be no unjust discrimination as between two ports unless the carrier in question serves both ports, and that as the Boston & Maine and Boston & Albany roads do not serve New York lower rates from Boston than from New York do not unjustly discriminate against New York. We have repeatedly held that a carrier which participates in the transportation to or from competing points is responsible and answerable for unjust discrimination even though its own lines do not reach both points. **[242]** Neither the Boston & Albany nor the Boston & Maine can carry this traffic beyond the Hudson River gateway, and, as has been seen, from that point to

the west it moves under identical circumstances and conditions and via the same lines as like traffic from New York. The lines that handle this traffic west of the Hudson River gateway can not be permitted to unjustly discriminate in favor of Boston and against New York.

In the original hearing a witness for Boston testified that officials of the New York Central lines had stated to representatives of the Boston interests that the expense of this service from New York was greater than from Boston. Counsel now argues that it was "conclusively proven" that the cost of the haul is less from Boston than from New York when proper allowance is made for terminal costs at both ports. Estimates of the terminal costs made by a witness were presented and, after deducting those estimated costs, computations of the return per ton-mile to the railroads were reached. Counsel for the New York interests insists that these estimates are not proof as to costs. But assuming that they are correct, there is not in our judgment sufficient difference to warrant lower rates from Boston than from New York. Many minor costs and minor extra services are and should be ignored in an effort to do substantial justice to competing points, and they are necessarily ignored by carriers in competing with each other. The domestic class rates from Boston to the West are the same as from New York. Aside from differences in terminal costs, if any, the service rendered by the railroads on domestic shipments is the same as that rendered on import shipments. If the terminal services at each port are to be accurately estimated and the returns per ton-mile yielded after deduction of such expenses are to be conclusive as to import rates, it is difficult to see how we can avoid applying the same principle to domestic rates.

The Boston interests strongly and very naturally urge the long continuance of lower rates on import traffic from Boston than from New York, resulting from agreements which have been made by the railroads from time to time, and which, we understand, had for their purpose effecting a certain distribution of the traffic between the several ports in order to avoid rate wars. In our original report, *supra,* we said, on this point:

> We neither recognize nor consider the differential agreement as lawful. The law contemplates free competition and condemns any combination which restrains such competition.

In our supplemental report, *supra,* we mentioned differential rail rates from Boston, via the Boston & Maine and Boston & Albany roads, in connection with the Canadian Pacific and National Despatch [243] lines. It is now stated, and apparently accurately, that the Boston & Albany has no such connections.

The Boston & Albany is a part of the New York Central system which reaches, via its own rails, a great many of the important points in differential territory. The Boston & Albany has a differential route over the Rutland Railroad, which has certain general officers in common with the New York Central, but it is argued that this route is 8 per cent. longer than the longest of the differential routes and 12½ per cent. longer than the shortest; that its route is therefore so circuitous, its territory in the West so restricted, and the physical condition of part of it such that it can not successfully move this traffic.

Much is said as to certain rights which Boston reserved for itself in some of the differential agreements between the carriers, and as to the responsibility for the rate war which led to the presentation to the Commission of the subject treated in *In the Matter of Import Rates, supra*, which in turn, presumably, caused the complaint herein. It is unprofitable to further discuss the question of how or why those differences were precipitated. The fact is that a rate war was in progress which the representatives of the carriers serving Boston, New York, Philadelphia, and Baltimore, and the representatives of the commercial interests of Boston, Philadelphia, and Baltimore, were anxious to terminate, and the offices of the Commission were sought on the representation that no other means of terminating the conflict and determining the issues involved therein were possible. While stress is laid upon the fact that for many years import rates from Boston were, by agreement between the carriers, less than from New York, and many figures have been submitted showing the movement of traffic under such agreements at various times, it is admitted that the figures as to periods prior to 1906 can not be accepted as reflecting the effect of the rate adjustments, for the reason that published rates were not adhered to.

The commercial interests of New York, Philadelphia, and Baltimore and the railroads serving Philadelphia and Baltimore strongly protest against Boston being accorded lower rates than New York, and point out that if that were done there is every probability that roads serving Philadelphia and Baltimore and not serving Boston would correspondingly reduce the rates from Philadelphia and Baltimore, thereby restoring the present parity. If that should occur it would simply be a repetition of what did occur shortly prior to the origin of this complaint.

It is asserted that there are no differential rates via any standard all-rail line from New York, Philadelphia, or Baltimore, and no differential all-rail rates from either New York, Philadelphia, or Baltimore.

[244] As stated, it is strongly urged that unless the import rates from Boston are lower than from New York, it will be harmful to existing conditions and make it difficult for Boston to retain the import business which it now has. However much sympathy we may have with that argument we can not make it the basis of a finding as to unjust discrimination such as is prohibited by the act. We have given exhaustive consideration to all of the matters that have been presented and are of the opinion that the conclusions announced in our original and supplemental reports, *supra,* are correct.

IN THE MATTER OF IMPORT RATES.

27 I. C. C. 245.

IN THE MATTER OF IMPORT RATES.

Decided June 5, 1913.

(27 I. C. C. 245.)

Prior decision herein adhered to upon the findings in *Chamber of Commerce case, ante,* page 419.

Appearances same as in the *Chamber of Commerce case* (p. 421).

SUPPLEMENTAL REPORT OF THE COMMISSION ON REHEARING.

CLARK, *Chairman:*

Our original and supplemental reports in this proceeding are at 24 I. C. C. 78 and 678. On petition from the commercial interests of Boston and the Boston & Maine and Boston & Albany railroads, rehearing was granted in this proceeding and in *Chamber of Commerce of New York* v. *N. Y. C. & H. R. R. R. Co.,* original and supplemental reports at 24 I. C. C. 55 and 674 (*ante,* p. 377, 403), on the single question of the relationship of rates on import traffic from Boston to differential territory versus like rates from New York. We have discussed the matters presented on rehearing in supplemental report on rehearing in the *New York case, ante* page 419, and it is not necessary to repeat that discussion. The conclusions there reached are controlling here.

We consented to decide or advise as to the adjustment of the inland import rates from the several ports in the capacity of arbitrators, upon urgent representation that no other means were open to terminate an existing rate war and settle the contentions as between the different ports. It seemed at the time the proper thing for us to do, but manifestly we can not make a decision as arbitrators which is contrary to the adjustment which we of necessity make in discharging our duties under the law.

After full consideration of all the matters presented on the rehearing, we are of the opinion that the conclusions reached in our original and supplemental reports, *supra,* are correct, and are not prepared to change those findings.

APPENDIX.

APPENDIX

Part of First Annual Report on the Internal Commerce of the United States, by Joseph Nimmo, Jr., Chief of Division of Internal Commerce, being Part Second of the Annual Report of the Chief of the Bureau of Statistics on the Commerce and Navigation of the United States for the Year ending June 30, 1876.

THE COMPETITIVE FORCES WHICH EXERT A CONTROLLING INFLUENCE OVER THE COMMERCE BETWEEN THE WEST AND THE SEABOARD WITH RESPECT TO THE COMMERCIAL INTERESTS OF BOSTON, NEW YORK, PHILADELPHIA, AND BALTIMORE.

The conditions under which competition exerts a restraining influence over freight-charges may be more clearly understood by considering the forces which exert a controlling influence over commerce between the West and the seaboard.

Soon after the year 1850 the railroads extending toward the West from the several Atlantic seaports began to compete with the Erie Canal for the immense and rapidly-increasing commerce of the West. At first the through traffic of the roads was confined to the carriage of provisions, live animals, and general merchandise, but by the year 1873 the railroads had become in the fullest sense highways of commerce for nearly all classes of commodities, even in direct competition with the lakes and the Erie Canal. Coal, iron-ore, and other minerals, chiefly the products of the mines of Pennsylvania, are transported to the West almost exclusively by lake, as return cargoes for vessels engaged in the transportation of grain eastward. These heavy mineral products are generally transported on water-lines wherever such facilities exist.

The transportation of grain is now the most important branch of the through traffic from the West to the East, grain and flour constituting about 50 per cent. of the entire eastward movement of through freights.

The relative importance of the railroads, and of the Erie Canal as highways of commerce for the transportation of grain may be inferred from the following statement showing the receipts of grain at Portland, Boston, New York, Philadelphia, and Baltimore during the year ending December 31, 1876:

	Bushels.
Received at New York by canal	32,853,839
Received at New York by rail	59,047,953
Received at Portland by rail	3,999,181
Received at Boston by rail	22,753,698
Received at Philadelphia by rail	35,546,845
Received at Baltimore by rail	37,564,536
Total by rail	158,912,213

N. B.—There appears to have been about four million bushels of grain received in New York, coastwise, which does not appear in the above table.

It appears that only 17 per cent. of the grain shipped from the West reached the seaboard by the Erie Canal and that 83 per cent. by the competing railroads, or about five times as much by rail as by canal.

It is proposed to consider briefly and in a somewhat general manner the more important features of this diversion of commerce from the Erie Canal, or more properly speaking the development of commerce on railroads, and the questions which have arisen with respect to the interests of the rival trunk roads and the rival seaboard cities. In this connection attention is called to the various lines of transport connecting the West with the seaboard, as delineated on maps 1 to 7, inclusive, at the end of this report. These lines are the Lake and Canadian Canal route to Montreal, the Lake and Erie Canal line to New York City, the Grand Trunk Railway, the New York Central Railroad, the Erie Railway, the Pennsylvania Railroad, and the Baltimore and Ohio Railroad.

In considering the competition between the east and west trunk lines it is necessary to observe, first, *the distinction between local or non-competitive traffic and through or competitive traffic.* The expression "through traffic" is here applied to traffic between the Western States and the Atlantic seaboard. Statistics showing the relative proportion of local and through traffic can only be obtained in regard to the Erie Canal and the Pennsylvania Railroad. The New York Central and the Erie Railroads present only statistics in regard to their total tonnage movement, and the Baltimore and Ohio Railroad Company merely presents facts as to through tonnage and the quantities of grain and flour and of coal and live stock transported.

The local traffic on almost all railroads greatly exceeds in importance the, "through traffic" which we are here especially considering. During the year 1875 the through tonnage of the Pennsylvania Railroad amounted to 1,354,203 tons and the local tonnage amounted to 7,761,165 tons, the through tonnage being only 15 per cent. of the total tonnage.

The number of through and local *tons carried one mile* were—

Through tons carried one mile	484,043,840
Local tons carried one mile	995,370,626.
Total	1,479,414,466

It appears from this that the ton-mileage of through freight was 33 per cent. of the total ton-mileage. The through tonnage of the Erie Canal during the year 1875 appears to have been about 50 per cent. of the total tonnage carried. From the very scanty data of this sort which can be procured as to local and through freight tonnage it is estimated that the through traffic passing over all the main lines connecting the West with the East is about 33 per cent. of the total traffic over the several lines. The proportion of "local" and "through" traffic differs very much on the various lines.

Attention is especially called to *the fact that the local traffic is but little affected by the competition between rival trunk lines or by the competition between rival seaboard cities, whereas the through traffic is greatly exposed to such competition.*

VARIOUS DEGREES OF COMPETITION IN THE COMMERCE BETWEEN THE WEST AND THE SEABOARD.

The through traffic between the West and the seaboard is competitive in various degrees, both with respect to the interests of the rival trunk lines and to the interests of the rival commercial cities on the Atlantic seaboard. There are many points to and from which the facilities of transport afforded by one route for certain freights are so much superior to the facilities afforded by every other practicable route that in practice the more favorably situated line enjoys a monopoly of the traffic; and there are also many points to and from which there are several lines of transport, all affording such facilities for certain traffic, as to engage with each other in a constant and effective competition.

The field of competition in the great struggle for the traffic between the western states and the seaboard begins in the State of Ohio and grows stronger and more complicated as we advance toward the West. At Cincinnati, Louisville, Indianapolis, Saint Louis, Chicago, Peoria, and all other important centers of trade, the shipper has not only the option of transport to each one of the Atlantic seaports, but he has also the choice of two or more routes to the same port, all offering equal rates in time of agreement, but during the frequently recurring and long enduring railroad wars the agents of each line bidding against all the others and struggling for all traffic which is in any practical sense competitive. The various degrees of competition range from the remote and incidental competition, the existence of which may sometimes be regarded as problematical, to that direct struggle between rivals for the same traffic. This may be illustrated with respect to traffic over the east and west trunk lines as follows:

First, The direct shipment of merchandise from interior points at

the West to Europe and the direct shipment of merchandise from Europe to interior points at the West constitute traffic which is in the highest sense competitive, since the rail-lines from such interior points connect directly with ocean-steamer lines to Europe at Boston, New York, Philadelphia, and Baltimore. During the last two or three years very little difference has existed between the prevailing rates from interior points in this country to points in Europe.

Second. The shipment of commodities from points in the West to Atlantic sea-ports for local consumption, for distribution coastwise or to interior points in the United States, or for exportation to foreign countries, constitutes a traffic which is competitive, but not to as great an extent as *direct shipments* from interior points at the West to points in Europe. In the case of shipments to the seaport markets, other considerations are involved besides the mere question of transportation. These considerations are the advantages afforded by the several markets, the relative magnitude of the home and foreign demand, and the facilities for storage and for interior, coastwise, or foreign shipments at each port.

Third. But there is a third and the largest class of traffic which is even less affected by the competition of rival lines and of rival seaports, viz, direct shipments from the West *for consumption at interior points in the Atlantic States.* Such shipments are in many cases confined to one of the trunk lines and therefore form a part of its local traffic. In other cases two or even three of the lines may compete for the traffic, but it is excluded from the direct competition of *all the trunk lines* by certain geographical limitations.

But even where the traffic appears to be confined to one or two lines, the rates of transportation are to some extent controlled through the competition of product with product in the various markets of the country, and thus each one of the transportation-lines exerts a *competitive influence* over the rates on other roads.

It is important to notice in this connection the fact that the home consumption in the Atlantic States very largely exceeds the foreign demand. Of the entire surplus products of the West, embracing vegetable food, animals and their products, spirituous and malt liquors, and the innumerable commodities transported in greater or less quantities, very much the larger part is shipped to seaports or to interior points on the several trunk lines for local consumption. It was found by careful computation that in the year 1872 about 40 *per cent.* of all the grain shipped into the Atlantic States was exported and about 60 *per cent.* was consumed in the United States. During the year 1876 also,

the demand for such products in the states of the Atlantic seaboard largely exceeded the foreign demand.

In view of the facts thus presented it is evidently necessary in considering the subject of transportation between the West and the seaboard to distinguish carefully between these three degrees of competition with respect to through traffic, viz:

First. Direct shipments from interior points at the West to Europe.

Second. Shipments from the West to Atlantic sea-ports; and

Third. Direct shipments from the West to interior points in the states on the Atlantic seaboard.

The importance of these distinctions has recently been realized in the course of the difficulties which have been encountered by the managers of the trunk lines connecting the West and the seaboard in their attempts to adjust through rates between the centers of trade at the West and Boston, New York, Philadelphia, and Baltimore. About the 1st of February, 1877, the representatives of the various trunk lines met at New York to form a basis of agreement. There was no difficulty in agreeing as to the rates by the various lines for all traffic consigned from the West directly to ports in Europe, but in regard to rates on commodities shipped to the seaports above mentioned the trunk lines were unable to agree, since such commodities may be consumed at those ports, and therefore constitute a local traffic, or be exported to foreign countries or to seaports in the United States, and thus become competitive traffic. The final adjustment of differences in this case is believed to have been effected through the spirit of compromise. The real difficulty in the case was to distinguish between "local" and "competitive" traffic.

This subject involves many perplexing questions in practice, for example, the drawing of a line of distinction between competitive and non-competitive business; the determination of the geographical extent of the influence of trunk lines by means of their various branches and connections; questions as to the relative advantages which the rival lines enjoy on account of distance, grades, and other elements of the cost of transportation; the facilities for coastwise and foreign distribution, &c.

Experience seems to prove that there must be either a tacit or a formal agreement as to rates on all competitive traffic, the rates by tacit agreement constituting substantially the market value of transportation, whereas the formal agreement is an arbitrary or artificial mode of adjustment.

CERTAIN IMPORTANT CONDITIONS UNDER WHICH THE TRUNK LINES ENGAGE IN TRAFFIC BETWEEN THE WEST AND THE SEABOARD.

The several trunk lines engage in traffic between the West and the Atlantic seaboard under certain very important conditions which may be stated as follows: The more northerly lines to the seaboard enjoy peculiar advantages *on account of their geographical position.* Grain raised in the States of Iowa, Minnesota, and Wisconsin, which has the option of transport to the seaboard by the lakes and the New York or Canadian canals, as well as by the more northerly roads, can, under ordinary circumstances, be shipped to Europe via Montreal, Boston, or New York at less cost than by the way of Philadelphia or Baltimore. On the other hand, grain raised in the southern part of Illinois or Indiana and exported to Europe can, on account of shorter rail distance and direct connecting ocean-lines, be transported over the Pennsylvania Railroad and over the Baltimore and Ohio Railroad, via Baltimore and Philadelphia, cheaper than by the way of the more northerly roads. These conditions are, however, quite variable in practice. In case the Baltimore and the Philadelphia markets are glutted or no available tonnage can be secured at these ports for foreign shipment, commodities raised on the line of the Baltimore and Ohio or the Pennsylvania Railroad will inevitably take a longer and more expensive route if such movement should be justified by more favorable conditions of trade or of transport at other seaports.

This is but a general view of the question. It runs into almost endless detail and presents many striking exceptions. There are throughout the western states many small interior points situated upon a road forming a direct communication with one of the trunk lines to the seaboard only. Assume a point thus situated on one of the connecting lines of the New York Central Railroad, from which direct transportation can be secured without change of cars to the city of New York, but involving a change of cars if sent to the seaboard over any other trunk line. The mere question of direct shipment or of avoiding the cost of transfer to any other line may cause the commodity to go to New York regardless of distance, or perhaps of greater advantages offered at certain times by rival lines or rival markets. Conditions of a similar nature also operate in favor of the other seaports.

A second condition under which the trunk lines between the West and the seaboard engage in "through traffic" is that *the amount of grain and other western products transported to each Atlantic seaport for exportation to foreign countries depends largely upon the available supply of tonnage for such shipments at the several ports.* It is found that the grain-trade of a port cannot be increased very

much out of proportion to its total commerce; or, in other words, that the grain-trade is essentially a part of a great whole, and not an independent branch of commerce. Grain which, on account of the geographical situation of the point of production, would, all things else being equal, go to Philadelphia, may, on account of the scarcity of tonnage at that port, be diverted to New York. The latter city, by virtue of its enormous shipping interests, thus determines the direction of a very large amount of the general trade between the West and foreign countries.

The trunk lines terminating at Montreal, at Boston, at Philadelphia, and at Baltimore have been able to secure the control of a part of the foreign trade by means of improved facilities for the transfer of freights from cars to seagoing vessels, and through the new and improved mode of shipping commodities on direct consignment from points at the West to Europe.

For the purpose of effecting this object certain of the trunk lines have entered into combinations or agreements of some sort with steamer-lines making regular trips between the respective seaports and the principal commercial ports of Europe, and they have also aided directly or indirectly in the establishment of such ocean steamer-lines. In addition to the steamer-lines, however, a very large amount of sailing tonnage, not engaged in any particular traffic, is always required in order to meet unexpected demands in any particular direction. Especially is this true with respect to the transportation of grain, the movements of which are exceedingly fluctuating, not only from week to week, but also from year to year. This requirement is met in the largest degree at New York, where shipping of all kinds, both sailing-vessels and steamers, is generally free from any sort of combination of interest with the transportation-lines to the interior.

**[In the Appendix to this report] may be found a statement, prepared by Mr. Charles Randolph, which indicates the relative through charges which prevailed during the year 1876 for the transportation of wheat from Chicago to Liverpool via Baltimore, Philadelphia, New York, and Montreal, respectively.

The total through charges by the various routes at the time Mr. Randolph presented his statement were as follows:

	Cents per bushel.
Via Baltimore	34.16
Via Philadelphia	34.28
Via New York	34.95
Via Montreal	36.30

The closeness of the competition may be seen from the fact that the difference between the charges via the three Atlantic seaports of the

United States was only eight-tenths of a cent, and that the charges via Montreal were but one and a half cents higher than those via New York.

A third condition under which the trunk lines engage in traffic between the West and the seaboard is that the *amount of western traffic over each one of the trunk roads is to a great extent limited by the demands at interior points on its line and at its terminus or termini on the Atlantic seaboard.*

Flour and other products of the state of Michigan, purchased for the purpose of supplying the local demands at points in the states of West Virginia, Maryland, or Pennsylvania, on or near the main line or branch lines of the Baltimore and Ohio Railroad, must necessarily be transported to such points over that road, although in moving to these points it may cross all the other great trunk lines. Such traffic is considered "local" or "non-competitive." The local demands of the city of Baltimore may be met by the Baltimore and Ohio or by the Pennsylvania Railroad, since both of these roads have connecting lines from the state of Michigan to Baltimore. But the more northerly roads are not competitors for this traffic. Grain raised in the southern part of Illinois and shipped to interior local markets in the states of Pennsylvania, New Jersey, New York, or the New England States will almost invariably be transported over the line forming a direct connection between the point of production and the point of consumption, as traffic of this character is in the least degree competitive. Grain and western products shipped to New York and to Boston for local consumption will generally be transported over direct lines terminating at one or the other of these points.

In the cases just adduced the geographical situation of the point of production and of the point of consumption mainly determines the route, since it is confined to one or two lines. Other lines would compete, if at all, under very great disadvantages with respect to time, distance, and transfer of freight from one vehicle to another.

THE COMPETITIVE INFLUENCE OF THE TRUNK LINES AND OF THE ATLANTIC SEAPORTS DIFFER WITH RESPECT TO DIFFERENT COMMODITIES.

The competitive influence of the various trunk lines and of the several Atlantic seaports differ very widely with respect to different commodities. Certain commodities furnish a large amount of competitive traffic, whereas other commodities, perhaps produced in the same locality, are in a very much less degree competitive. Cotton being a commodity of high value, in proportion to its weight and bulk, and being transported great distances, is in the highest degree competitive

with respect to almost all the great trunk lines of the country and with respect to many rival markets. Hay, potatoes, and vegetables, being heavy commodities of low value and produced in almost every state and county, are in the lowest degree competitive. They constitute a part of the local traffic of railroads and of the local trade of the several Atlantic seaports, since each port has to a great extent its separate sources of supply.

The contests which have been going on during the last four years with respect to the movements of grain from the West to the seaboard render it a matter of much interest to note the characteristics of the different cereals with respect to the competitive forces of transport and of trade. Wheat, wheat flour, and corn, being largely exported, are to that extent in a high degree competitive as to the interests of the several ports. Oats, barley, and rye, on the other hand, are exported in very limited quantities, and are, therefore, both with respect to the interests the several trunk lines and of the several seaboard cities, regarded as "local" or "non-competitive" commodities. During the year 1876 there was received at the ports of Portland, Boston, New York, Philadelphia, and Baltimore 161,312,646 bushels of wheat, wheat-flour, and corn, and 30,814,570 bushels of rye, oats, and barley; and there were exported 103,354,171 bushels of wheat, wheat-flour, and corn, and 2,678,788 bushels of rye, oats, and barley, or, in other words, of the wheat, wheat-flour, and corn received, 64 *per cent. was exported*, and of the rye, oats, and barley received *only 9 per cent.* was exported. Grain shipped to each of the Atlantic seaports for local consumption naturally forms a part of the traffic of the roads which afford the facilities of direct shipment.

THE INTERESTS OF THE TRUNK LINES AND OF THE SEABOARD CITIES ARE NOT ALWAYS IDENTICAL.

In order to appreciate the conditions which determine the course of trade between the West and the seaboard, it is important to note the fact that the interests of the trunk lines and of the seaports which respectively constitute their eastern termini are not in all respects identical, although not necessarily antagonistic.

The interests of the trunk roads are sometimes apparently at variance with the interests of their eastern termini.—The interests of the New York Central Railroad with respect to its "through traffic" are closely identified with the commercial interests of New York City, and yet the managers of that road find it to their interest to develop traffic between the West and the New England States, since this traffic passes over 297 miles of their road from Buffalo to Albany. The interests of

the road are most intimately related to the commercial interests of the city of New York; yet its managers would not attempt to force New England freights to New York, thence to be distributed to the New England States, as was the practice when the Erie Canal was the only avenue of commerce between the West and the seaboard. Any attempt of this kind would simply be to abandon the New England business to some existing road or to some new road which would inevitably be constructed in order to supply the demands of the New England States for direct trade. The New England traffic of the New York Central Railroad, (which is said to constitute about 60 per cent. of its through traffic,) by increasing the volume of its total traffic, greatly reduces the cost of transportation and thus affords to New York City the advantages of cheap transportation.

In like manner the interests of the Baltimore and Ohio Railroad are closely allied to the commercial interests of the city of Baltimore; yet the management of that road find it to their interest to carry western products consigned to Philadelphia to New York and to Boston. This they are able to do by means of their eastern connections, viz, the Philadelphia, Wilmington and Baltimore Railroad to Philadelphia, and the Pennsylvania Railroad line from Philadelphia to New York; also, the interior water-line formed by the Chesapeake Bay, the Chesapeake and Delaware Canal, the Delaware River, and the Delaware and Raritan Canal to New York, and the outside lines by the ocean to Philadelphia, New York, and Boston.

The Baltimore and Ohio Railroad Company has its soliciting-agents at Philadelphia, at New York, and at Boston for the purpose of securing a share of the west-bound freight to points reached by its western lines and their connections. In so far as possible, the managers of this road undoubtedly direct traffic in the interest of Baltimore, but their power to do so is not absolute. In competing for traffic to and from other Atlantic seaports, they must afford to that traffic all necessary facilities.

The additional traffic secured to and from other cities than Baltimore, by increasing the business of the road tends to reduce the cost of transportation and thus incidentally to advance the commercial interests of that city.

It may be stated generally that the managers of all the trunk lines, while recognizing the importance of affording the greatest possible facilities to their respective terminal cities, are coming to realize the fact that the interests of the transporter may best be subserved by interfering as little as possible with the natural course of commerce. The merchants also realize the fact that their interests may best be sub-

served by conducting their business without any special reference to the interests of the transporter. Commerce can only be prosperous so long as it is free. It can never be bound to the car-wheel of any railroad company. Its course, its limits, and all the forces which control its movements are of a different character from those which surround the managers of transportation-lines. The economies, and the considerations which govern men in trade, not only differ from, but are oftentimes opposed to, those which shape the judgment and form the policy of the managers of railroads. No commercial city can become so wedded to any one or more transportation-lines that it can afford to neglect commerce which would naturally come to it from other lines than the one upon which its prosperity mainly depends, nor, on the other hand, can a railroad company refuse to allow traffic to pass over its line, or over a part of its line, even if such traffic should afterward be diverted to another market than the one with which its interests are most closely identified.

In many important features, the interests of transportation and of trade are correlative, yet there are certain incompatibilities of interest which forbid that they should be very closely joined together. Many years ago the city of Baltimore held a very much larger proportion of the stock of the Baltimore and Ohio Railroad than at the present time, and the city directors, in connection with the state directors, controlled the policy of the road. But the road did not prosper. Subsequently a change took place in its management, and the road has ever since been conducted upon the strictly business principle of making its interests paramount to all other considerations in the conduct of its affairs. Traffic of all kinds has been secured, without regard to source or destination, and the road has become in the largest sense a commercial highway. The adoption of this line of policy not only rescued the road from stagnation and apprehended disaster, but it has been the means of greatly advancing the interests of Baltimore and of establishing her commercial independence. Experience proves that attempts by common carriers to control commercial movements are against public policy, and that such attempts create popular discontent and ultimately lead to disaster.

In practice many curious and perplexing questions arise as to the relative rates which shall prevail between the West and the several rival Atlantic seaports. A single illustration will suffice upon this point. When a war of rates is begun at New York, it becomes necessary for the Baltimore and Ohio Railroad to reduce its rates to and from New York in order to be able to secure a share of western traffic to and from that point. If, at the same time, upon its much more im-

portant traffic between the West and the city of Baltimore rates are maintained, it is evident that a discrimination would arise as against the interests of the city of Baltimore and in favor of New York, and this discrimination might go to the extent of carrying freights to and from New York through the city of Baltimore for less than the rates to Baltimore. It then becomes a nice question of expediency with the railroad company as to whether they should reduce their rates on their main traffic to the city of Baltimore, in order to meet the rates on their comparatively small traffic to the city of New York—rates which have been reduced upon compulsion, and as the result of a struggle between other roads.

A very important question also arises with respect to the interests of the city of Baltimore, as to whether its most important avenue of commerce with the West should be allowed to discriminate against it in the interest of a rival seaport. It may be added that, even if the Baltimore and Ohio Railroad were to pursue the policy of attempting to conform its through rates at all times to the rates to and from other seaports, such changes might create other discriminations, and it might therefore prove to be expedient, even in the light of the interests of the city of Baltimore, for the Baltimore and Ohio Railroad to maintain its normal freight-charges rather than encourage those capricious fluctuations which are detrimental to the interests of commerce. Questions of this character belong to the details of railway management. The determination of each case depends upon the circumstances surrounding it, and upon the views with respect to the relations of the railroads to the public which may from time to time prevail.

The interests of the seaboard cities are sometimes apparently at variance with the interests of the trunk lines.—There are circumstances involved in the adjustment of competitive rates between the West and the seaboard which relate especially to the interests of the markets and to the various industrial enterprises of rival seaports. Traffic which is apparently local with respect to the trunk lines may be in a marked degree competitive with respect to the interests of these cities. This may be illustrated as follows: A firm in New York City engaged in the manufacture and sale of linseed-oil receives large quantities of linseed from the West. Shipments to them necessarily come direct from the points of production, and the trunk lines to other cities are not regarded as competitors for this traffic. In the current phrase of managers of railroad traffic, such shipments are considered to be "local to New York." There is also a firm in Baltimore engaged in the same business and also receiving linseed from the West, the rail-rates on this commodity being 13 per cent. less than the rates to New York. The

transportation of linseed to this firm by the Baltimore and Ohio Railroad is also considered to be local to that road, since it is shipped for the purpose of meeting a local demand at the city of Baltimore. Nevertheless, this traffic is competitive with respect to the interests of the two cities. Two-thirds of the weight of the product of linseed when crushed is oil-cake, a prominent article of export. Oil-cake is a commodity of low value in proportion to its weight, (being worth only about $42 per ton,) and therefore the difference of 13 per cent. in rail-rates to Baltimore causes a discrimination in favor of the manufacturer at that city, so far as relates to the exportation of oil-cake to Europe, for, as we have already seen, the transportation of the products of the West to Europe is in the highest degree "competitive traffic," since the facilities of rail and steamship lines exist at each of the great Atlantic seaports. Linseed-oil is also shipped both by the Baltimore and the New York Manufacturers to all parts of the United States, and it is also exported to foreign countries. The linseed-oil trade is therefore in a high degree competitive with respects to the manufacturing and commercial interests of the two cities. Many other illustrations might be given of traffic apparently local with respect to the interests of the trunk lines, but competitive with respect to the interests of the Atlantic seaports.

It may be stated, generally, that the transportation of all classes of raw material from the West to be manufactured or advanced in the process of manufacture at two or more of the Atlantic seaports, while it may be considered to be local or non-competitive with respect to the roads, is competitive with respect to the interests of the cities.

The competitive elements of transportation and of trade present themselves under various phases and give rise to a great variety of practical questions in attempts to adjust traffic between roads or the course of trade as between rival cities.

The control exercised by the great trunk railroad companies over their competitive traffic is from year to year growing weaker, and the local or non-competitive traffic is continually being invaded by the increasing influence of the various elements of competition. There is a constant demand for the construction of branch roads cutting across existing trunk roads, and forming new competing lines. These branch roads in some cases eventually form parts of great trunk lines between different sections of the country. Results of a similar character have followed the construction of branch lines by the departments and communes of France. So long as the lateral lines are confined to local traffic, they usually pursue a policy of neutrality in so far as it may be practicable for them to do so, but in reality every new railroad is a

competitor of all other roads through the development of new sources of supply to the various markets of the country.

FACTS INDICATING THE PRESENT COURSE OF TRADE BETWEEN THE WEST AND BOSTON, NEW YORK, PHILADELPHIA, AND BALTIMORE.

Let us now turn to the consideration of some of the facts which serve to illustrate the present course of trade between the West and the Atlantic seaboard.

It must be stated at the outset that there is a lack of statistical and other exact information requisite for a thorough development of this subject. It is necessary, therefore, to resort to certain lines of characteristic data. Valuable information of this kind is afforded by the statistics of the movements of the cereal products of the West. These statistics have been carefully compiled by various trade organizations.

The transportation of grain and flour from the West to the seaboard probably constitutes a little more than one-half the entire east-bound through traffic from the western states to the seaboard. Comparative statements based upon the movements of grain afford, therefore, an excellent illustration of the general movements of trade. The receipts of grain of all kinds (including flour) at Boston, New York, Philadelphia, and Baltimore during the calendar years 1873, 1874, 1875, and 1876 were as follows:

Grain (including flour) received.

Year.	Boston.	New York.	Philadelphia.	Baltimore.	Total.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*	*Bushels.*
1873	17,805,906	92,137,971	24,949,157	19,099,517	153,992,551
1874	18,000,002	107,273,156	24,625,591	24,936,208	174,834,957
1875	18,351,815	93,443,488	28,195,330	22,823,879	162,814,512
1876	22,753,698	95,949,242	35,546,845	37,564,530	191,814,315
Total	76,911,421	388,803,857	113,316,923	104,424,134	683,456,335

Comparing the receipts at each one of these ports during the year 1873 with the receipts during 1876, there appears to have been a gain in the total receipts of grain at each port, as follows:

Year.	Boston.	New York.	Philadelphia.	Baltimore.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*
1876	22,753,698	95,949,242	35,546,845	37,564,530
1873	17,805,906	92,137,971	24,949,157	19,099,517
Increase	4,947,792	3,811,271	10,597,688	18,465,013
Per cent. of increase	28 per cent.	4 per cent.	43 per cent.	97 per cent.

The increased receipts at Boston were nearly 30 per cent. greater than at New York. The increased receipts at Philadelphia were nearly three times those at New York, and the increased receipts at Baltimore were nearly five times the increase at New York. The *percentage of increase* of the receipts of the receipts at each port during the year 1876 over the receipts at the same ports during 1873, exhibits the growth of the grain trade at each port in a more striking manner. The increase at Boston was 28 per cent., at New York 4 per cent., at Philadelphia 43 per cent., and at Baltimore 97 per cent.

The exports of grain at the several ports mentioned were as follows:

Grain (including flour) exported.

Year ending December 31—	Boston.	New York.	Philadelphia.	Baltimore.	Total.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*	*Bushels.*
1873	2,145,364	54,020,056	4,807,620	9,049,545	70,022,585
1874	3,186,318	66,263,946	6,671,334	12,555,090	88,676,688
1875	3,987,959	50,599,710	8,846,658	11,407,499	74,841,826
1876	6,043,298	55,253,686	22,016,515	24,761,307	108,074,866
Total	15,362,939	226,137,398	42,342,127	57,773,441	341,615,905

Comparing the data embraced in the statement of exports with the statement of receipts, it will be seen very clearly that the diversion of grain from New York to other points is due largely to the export-trade, and not in any very considerable degree to increased local consumption or distribution to points in the United States. This is shown by the following statement:

Increased receipts and exports of grain, (1876 over 1873.)	Boston.	New York.	Philadelphia.	Baltimore.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*
Increase	4,947,792	3,811,271	10,597,688	18,465,013
Increased exports	3,897,934	1,233,630	17,208,895	15,711,762

Making due allowance for the fluctuations in the movements of commerce, it is evident that the competition of the seaports mentioned in the grain-trade relates mainly to the exportation of grain to foreign countries.

Grain being the chief commodity now relied upon for export cargoes of vessels, it is evident that any great and permanent increase in the grain-trade of any port must naturally lead to an increase of imports at that port, and thus to a general diversion of commerce. * * * [In the Appendix to this report] may be found a table showing the receipts, exports, and local consumption of flour and grain of all kinds at Bos-

ton, New York, Philadelphia, and Baltimore during the years 1873, 1874, 1875, and 1876, compiled from statistics prepared by Theo. F. Lees, general agent of the New York Cheap-Transportation Association. By a careful inspection of this table it will be seen that the diversion of grain which has been described is almost entirely due to *the diversion of corn alone.* There has been no very marked change in the relative receipts and exports of wheat and wheat-flour at these ports since the year 1873, as appears from the following tables:

Statement showing the receipts of wheat and wheat-flour (flour reduced to bushels) at Boston, New York, Philadelphia, and Baltimore during the years from 1873 to 1876, inclusive, and the percentage of such receipts at each port.

Calendar Year.	Boston.		New York.		Philadelphia.		Baltimore.	
	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.
1873	9,857,107	12	52,194,366	65	9,346,000	12	9,373,677	11
1874	10,814,452	11	62,099,422	62	12,479,880	13	14,262,819	14
1875	9,224,969	11	54,357,147	61	13,501,750	15	11,368,885	13
1876	9,689,692	13	46,324,831	61	9,550,035	12	10,693,264	14

Statement showing the exports of wheat and wheat-flour (flour reduced to bushels) at Boston, New York, Philadelphia, and Baltimore during the years from 1873 to 1876, inclusive, and the percentage of such exports at each port.

Calendar Year.	Boston.		New York.		Philadelphia.		Baltimore.	
	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.
1873	1,642,933	4	36,061,744	83	2,654,015	6	2,955,927	7
1874	2,500,956	5	45,701,447	80	2,222,848	4	6,384,009	11
1875	2,140,341	4	36,076,679	79	4,105,794	8	4,329,879	9
1876	1,456,870	3	34,720,245	79	3,926,074	9	3,832,221	9

It also appears from the following statements that there has been little relative change in the receipts of oats and barley at the four principal Atlantic seaports.

Statement showing the receipts of oats and barley at Boston, New York, Philadelphia, and Baltimore during the years from 1873 to 1876, inclusive, and the percentage of such receipts at each port.

Calendar Year.	Boston.		New York.		Philadelphia.		Baltimore.	
	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.
1873	3,996,213	16	12,833,500	51	7,042,457	28	1,255,072	5
1874	3,455,884	15	12,952,980	54	5,941,900	26	1,149,188	5
1875	3,363,940	13	14,595,094	57	6,473,100	26	977,514	4
1876	3,420,839	13	17,008,904	62	5,838,850	22	810,282	3

Statement showing the exports of oats and barley at Boston, New York, Philadelphia, and Baltimore during the years from 1873 to 1876, inclusive, and the percentage of such receipts at each port.

Calendar Year.	Boston.		New York.		Philadelphia.		Baltimore.	
	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.
1873	....	......	89,655	78	25,997	22	....	......
1874	....	......	128,349	79	30,671	19	2,824	2
1875	....	......	132,471	80	33,810	20	....	......
1876	19,938	1	801,431	47	842,217	50	27,535	2

It appears from the foregoing statements there has been no marked change in the course of the traffic in *wheat, oats,* and *barley,* owing to the fact that the receipts of those grains at the seaports are very largely for local consumption or for shipment to points along the Atlantic seaboard in the United States, and therefore that the transportation of those commodities is competitive in a comparatively low degree.

It appears, however, from the following statements, that the corn traffic is subject to very different conditions in so far as relates to competition between the several trunk lines and between the four principal Atlantic seaports.

Statement showing the receipts of corn at Boston, New York, Philadelphia, and Baltimore during the years from 1873 to 1876, inclusive, and the percentage of such receipts at each port.

Calendar Year.	Boston.		New York.		Philadelphia.		Baltimore.	
	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.
1873	5,558,363	12	24,680,831	52	8,238,400	17	8,830,449	19
1874	3,303,041	8	29,661,443	61	5,954,700	10	9,355,567	21
1875	5,346,340	12	22,183,077	50	7,960,000	17	9,567,141	21
1876	9,005,375	11	26,645,599	34	19,420,825	25	24,684,230	30

Statement showing the exports of corn at Boston, New York, Philadelphia, and Baltimore during the years from 1873 to 1876, inclusive, and the percentage of such exports at each port.

Calendar Year.	Boston.		New York.		Philadelphia.		Baltimore.	
	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.	Bushels.	Percentage.
1873	162,727	1	16,168,152	65	2,202,368	9	6,093,618	25
1874	380,254	2	18,647,114	68	2,203,588	8	5,959,767	22
1875	1,551,576	6	12,980,670	49	4,601,586	18	6,980,442	27
1876	4,160,817	7	16,470,935	28	16,754,718	29	20,751,343	36

The foregoing statements in regard to *corn* indicate that there has been a very marked change in its movements to the seaboard, and that this change is due almost exclusively to the exportation of it to Europe.

Each one of the trunk lines having nearly equal advantages for the foreign trade afforded by steamer-lines and sailing-vessels to ports in Europe, the cost of transportation by these several routes from western points to the grain markets of Europe is very nearly equal. Therefore, as already explained, the corn traffic is competitive in a very high degree, both with respect to the interests of the trunk lines and of the four principal Atlantic seaports.

The following statement shows the increased receipts of *grain* during 1876 over those of 1873, in comparison with the increased receipts of *corn* during 1876 over those of 1873:

Increased receipts of 1876 over those of 1873.	Port.			
	Boston.	New York.	Philadelphia.	Baltimore.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*
Increased receipts of grain ...	4,947,790	3,811,271	10,597,688	18,465,013
Increased receipts of corn	3,447,012	1,964,768	11,182,425	15,853,781

This statement very clearly shows that the diversion of the grain-trade from New York and the increase in the grain receipts at Boston, Philadelphia, and Baltimore is due almost entirely to the diversion of the corn-trade alone.

While the exportation of wheat, flour, rye, oats, and barley has exhibited little change with respect to the interests of the various trunk lines and of the Atlantic seaports, *the exportation of corn* has changed as follows: The exporation from Boston has increased from 1 to 7 per cent.; at New York it has decreased from 65 to 28 per cent.; at Philadelphia it has increased from 9 to 29 per cent.; and at Baltimore it has increased from 25 to 36 per cent. of the total receipts at the four ports.

This remarkable diversion in the corn-trade appears to be mainly attributable to the following causes:

First. Corn being a commodity of low value in proportion to weight, its movements have been greatly influenced by the small difference in rates which have prevailed in favor of the Pennsylvania and the Baltimore and Ohio Railroads, in consequence of the excellent facilities for the transfer of grain from railroad-cars to steamships at the ports of Philadelphia and Baltimore, in connection with the arrangements which have been perfected at those ports for the direct shipments of grain from interior points to Europe.

Second. The cargoes from the United States to Europe being now much in excess of the import-cargoes, vessel-owners are free to seek export-cargoes wherever they can be obtained, and the advantage as to the available supply of ocean-tonnage does not operate so strongly in favor of New York as formerly.

Other commodities for which the Pennsylvania Railroad and the Baltimore and Ohio Railroads afford direct transportation in connection with ocean-lines to Europe have also to a considerable extent followed the direction of the corn-trade. It is, however, declared by those who are familiar with the grain-trade that the diversion of corn from New York to other ports during the year 1876 was very largely due to an exceptional circumstance affecting the crop of the year 1875. It is said that the corn crop of the northern corn-producing district was injured by dampness, and did not come to maturity, so that it reached the market in a bad condition and unfit for exportation, whereas the crop of the southern portion of the corn-producing area came to maturity in good condition, and was alone available for meeting a large and unexpected foreign demand.

The foregoing facts have been adduced with the view of showing as clearly as possible, by available characteristic data, that there are very many conditions affecting the competitive traffic between the west and the seaboard, that these conditions are variable, and that they are so intimatedly blended that it is impossible to prescribe geographical or commercial limits to the traffic of any line or to the trade of any seaboard city.

It is impossible within the prescribed limits of this report to consider more fully the comparative advantages held by the various seaports for supremacy or for the control of any particular branch of commerce. The facts stated fall far short of a complete development of this great and important subject, for it embraces all the elements of the prosperity of commercial cities, including their capital, the force of associated enterprises, the energy, tact, and persistency of their merchants, the manner in which their interests are affected by the tariff upon imported goods, and by the rapidly-increasing power of American manufacturers, the geographical position of water and rail lines, and the available supply of coal, iron, lumber, and all other commodities which go to meet the wants or to contribute to the commerce of a great city.

Facts which indicate the relative magnitude of the commerce of the four principal Atlantic seaports.

There are no available data affording an accurate comparative view of the total internal and foreign commerce of the various seaports

based upon either the quantity or the value of commodities. The following statement in regard to bank clearing-house transactions at Boston, New York, Philadelphia, and Baltimore affords an approximate indication of the relative magnitude of the commerce of the four cities. To what extent the clearances at New York embrace transactions not properly representative of the commerce of that port cannot be ascertained.

Clearing-house returns for the month of January, 1877.

Cities.	Number of Banks.	Total amount of transactions.	Per cent. at each city.
New York	59	$72,052,000	81
Boston	51	8,436,000	9
Philadelphia	27	6,826,000	8
Baltimore	20	1,853,000	2
Total	157	89,167,000	100

The relative value of the foreign commerce of the four principal Atlantic seaports is presented in the following table, showing the value of imports and exports at each one of these ports during the year ending June 30, 1876:

Cities.	Value of imports.	Value of exports.	Total value of foreign commerce.	Per cent. at each port.
New York	$311,712,910	$294,705,902	$606,418,812	76.2
Boston	37,416,623	36,041,892	73,458,515	9.3
Philadelphia	22,471,516	40,254,075	62,725,591	7.8
Baltimore	22,340,629	31,216,807	53,557,436	6.7
Total	393,941,678	402,218,676	796,160,354	100.0

The clearing-house transactions at New York appear to constitute 81 per cent. of the total clearing-house transactions at Boston, New York, Philadelphia, and Baltimore, and the foreign commerce of New York appears to be 76 per cent. of the total foreign commerce of the same cities.

These statistics, in connection with the facts already presented in regard to the grain-trade, prove that the movements of any particular commodity, even one of prime necessity, do not afford an indication of the general course of trade or of the relative magnitude of the com-

merce of the great seaports. Although a larger quantity of corn is passing through Baltimore than through New York, the total commerce of Baltimore, in so far as indicated by clearing-house transactions, is but $2\frac{1}{2}$ per cent. of the commerce of New York, and, in so far as indicated by exports, the commerce of Baltimore is less than 9 per cent. of the value of the foreign commerce of New York. There is a certain territory directly tributary to the trade of Baltimore, and each one of the Atlantic seaports has a separate local trade, and enjoys peculiar advantages for trade with the West, with the South, and with foreign countries. The city of New York can rely for the maintenance of its commercial supremacy upon its enormous capital; the geographical advantages of its position as a distributing point; its direct connections with all parts of the United States by rail and water lines; the exclusive advantages of that important line of transportation formed by the lakes, the Erie Canal, and the Hudson River; the persistency of its established commercial relations with almost every country on the globe; the energy and intelligence of its merchants, and the facts that it is the chief monetary center of the western continent.

The foregoing statistics in regard to the movements of grain simply serve to illustrate certain important trade currents and to throw light upon the question of transportation, but they evidently fall very far short of conveying adequate information upon which can be based any prediction as to the future prosperity or decadence of commercial cities.

GENERAL RAILROAD MANAGEMENT IN REGARD TO THROUGH TRAFFIC.

The facts already presented, which point to the impracticability of drawing any exact lines of demarkation between the local and the competitive traffic of the several trunk lines and between the local and the competitive trade of the several seaboard cities, also serve to throw light upon the competitive struggles between the railroads connecting the West with the seaboard, and to explain the difficulties which the managers of these lines have encountered in their efforts to protect themselves against themselves—efforts which have generally terminated in the often-recurring and protracted railroad wars. The effort to adjust competitive rates between the West and the seaboard began about twenty years ago, when the Erie and the New York Central Railroads had extended their lines to Lake Erie, and the Pennsylvania and the Baltimore and Ohio Railroads had reached the Ohio River. Then the adjustment of through rates was simply a question of detail in the discharge of the executive duties of general freight agents; but it has now become a great question of administration, affecting the entire internal and foreign commerce of the United States. The increased

magnitude of the interests affected has rendered it necessary to adopt new methods in the management of competitive traffic, and has called for the employment of men endowed with the intellectual grasp and vigor requisite for comprehending and administering the affairs of a great railroad organization. Men capable of adjusting the freight-tariffs of a railroad so long as its traffic was practically a monopoly, and the only question as to rates was "how much each commodity would bear," have been superseded by a class of men of broader views, competent to understand and to grapple with the difficulties incident to the management of the transportation and commercial interests of the present day.

The internal commerce of the country is year by year becoming more complex as the interests of transportation and of trade increase in magnitude and importance. No one forsaw the results already reached by the railroad system. Certain customs with respect to traffic and travel on railroads, have been established and have become authoritative under decisions of the State and Federal courts. Other customs touching the relations of the railroads to each other and to the public will undoubtedly in time acquire the force of law. Thus we may expect that by the slow, but sure process of adjustment the rights of the railroads and of the public, with respect to all the new issues of transportation, will in time become firmly established and that competition will remain the stimulus and the vital force of commercial enterprise.

TERMINAL FACILITIES.

There is another subject touching the interests of the great trunk lines and of the several seaport cities, which is worthy of special notice, and that is *the question of terminal facilities.* The direct conveyance of merchandise without breaking bulk, from the point of shipment to the point of destination, and the most approved facilities for the transfer of freights from one vehicle of commerce to another, where such transfers must necessarily be made, constitute very important commercial requirements of the present day. To effect the former object, "through freight-lines" have been formed and expensive bridges have been constructed across navigable streams. Railroad companies have also provided union depots in many of the large cities for the economical transfer of both freights and passengers. Elevators and warehouses have been constructed at ports on the coast, on the lakes, and on the western rivers, in order that freights might be cheaply and expeditiously transferred from one vehicle to another, and that advantage might thus be taken of the different markets. Very much, however, remains to be done in this direction. It is stated that in cer-

tain cities the cost of transferring freights from one railroad to another through warehouses exceeds the charges for transporting the same freights six or seven hundred miles. It is also stated that in one of the large seaboard cities the cost of handling and carting freight, exclusive of the losses from damage and theft, so frequent under the present disjoined system, is, on the average, about $2 per ton, or 25 per cent. of the cost of hauling grain from Chicago to New York.

One of the most important economies of the present day with respect to trade between the West and the seaboard is the transportation and storage of grain in bulk. This important economy has not only rendered it necessary to supply suitable cars and elevators at terminal points, but also to establish a system of grading under which the railroad companies are enabled to avoid the inconvenience and expense of keeping separate each particular shipment, and to deal with grain in great masses. Experience has proved the necessity of extending railroad tracks into the business portion of commercial cities for the purpose of effecting the receipt and delivery of goods of all kinds with the least possible expense of handling and cartage. This is a requirement which has only been properly appreciated during the last five or six years. Formerly a railroad depot within the limits of a city was regarded as in some sense a nuisance, to be tolerated only at the very outskirts.

The necessity of providing the amplest means for the flow of commerce has led to the establishment of excellent terminal facilities at Boston, Philadelphia, and Baltimore. The city of New York has not yet fully come up to the new order of commercial requirements in this regard, and the fact has already operated prejudicially to the interests of that city. There are several reasons for this tardiness at the chief commercial center of the western continent. Extensive and very costly facilities were provided many years ago, especially adapted to the requirements of commerce on the Erie Canal and the Hudson River in connection with ocean commerce, the harbor of New York being the great distributing depot of that commerce. But in addition to these facilities the success of commercial enterprises now requires a line of adaptations embracing the ship, the railroad car, and the modern warehouse, with its appropriate spaces and mechanical improvements. The commercial habits of the great city of New York were formed during the period in which she attained her commercial ascendency, and while the Erie Canal remained almost the sole avenue of commerce between the West and the seaboard. It appears to be necessary in advancing to the new order of things to overcome the force of a conservatism fortified by the habits of half a century and involving millions of capital.

A difference of views as to the plans which should be adopted has led to delay at New York, but it may be confidently predicted that the merchants and capitalists of that city will not in the end fail to make the best possible use of all the means which nature and art have placed within their power.

A plan has been proposed by the New York Cheap Transportation Association and endorsed by several of the commercial bodies of that city. This plan embraces railroad tracks around the entire city, with warehouses upon or adjacent to the wharves, such warehouses being provided with ample facilities for the loading and unloading of all classes of freights. Terminal facilities of this character have been adopted at Portland, Me., at Boston, at Philadelphia, and at Baltimore. The plan proposed or some other practical one will undoubtedly be adopted at New York. Venice was reclaimed from the sea, and her canals, wharfage and warehouse facilities were adapted to the peculiar exigencies of her commerce. Vast docks have been constructed at London and Liverpool at enormous expense, in order to meet the demands of commerce, and to provide against the difficulties incident to the rise and fall of the tides, and those cities have in their turn become the centers of European commerce. New York City cannot long delay providing a system of terminal facilities adapted to the requirements of the present day and commensurate with the magnitude of her enormous commerce.

CONCLUDING REMARKS IN REGARD TO COMPETITION IN THE COMMERCE BETWEEN THE WEST AND THE SEABOARD.

The practical difficulties which have arisen as the result of competition between railroads and between rival markets embrace the more salient features of what is commonly known as "the railroad problem of the day." During the last three years there has been much speculation as to the tendency of our railroad system, and as to the remedies which should be provided against existing or anticipated evils. For many years it was apprehended that the railroads might become absolute monopolies, and that competition in the carrying trade might be utterly broken down, but within the last two years it has been urged that competition has failed to secure the ends of justice and stability, and therefore that it is no longer to be relied upon. It is asserted that competition is an irresponsible force, that its essence is instability, and that so long as it continues, systematic justice cannot be done. This conclusion appears to be based upon the assumption that, in the commerce between the West and the seaboard, the struggle is confined to four or five great railway organizations. It has, however, been herein-

before shown that the struggle embraces the competition of many lines and of many commercial forces, which overshadow the power exercised by the managers of the great trunk lines. This is clearly understood, and in practice fully recognized by men engaged in extensive mercantile operations, and by the managers of great railroad interests. The evils incident to competition are sharply defined and incisive, but the benefits which it affords are substantial and pervading. The beneficent law of supply and demand where it operates most freely may not secure systematic justice, and yet the whole world concedes that, so far as it is operative, it secures substantial justice. This is all that can be expected in the present condition of human affairs. Competition may not make all things even, but it affords a nearer approach to equitable dealing among men than any substitute which has yet been proposed for the natural laws of trade. The very *instability* of competition is the surest safeguard of the public interest. When competition ceases to be irresponsible, monopoly will step in, unless it be substituted by the autocratic rule of a combination sufficiently powerful to control all the transportation-lines of the country. Any arbitrary rule in whatever manner formulated, or by whatever agency exercised, would prove to be an impotent substitute for the great beneficient law of competition in the irresponsibility and instability of which is embraced that conservatism which inheres in the untrammeled operations of natural forces.

So intimately are the interests of transportation and of trade connected that it is impossible to eliminate competition beween the railroads without doing violence to commercial interests, and thereby working greater evils than those sought to be removed. It is well known that within the restraints imposed by the various forces of competition, a comparatively narrow range of discretionary power is left to the railroad companies in regard to their "through traffic." The rates which have at times prevailed especially for the transportation of grain on the east and west trunk lines during the last two years are said to have involved an actual loss to the companies. Earnest efforts have been made by the managers of the great trunk lines to advance freight charges, but the competition has been so strong that they have been unable to effect that object. The public have thus secured the benefits of cheap transportation.

But the practical results of competition between railroads and between trade forces are before us, and we may learn the effects of these forces upon the adjustment of freight-tariffs. The following table presents the average charges per ton per mile during the last eight years on several important trunk lines of the United States largely engaged in transportation between the West and the seaboard.

Statement showing the gradual reduction in freight-charges per ton per mile on several transportation-lines engaged in commerce between the Western States and the Atlantic seaboard, from 1868 to 1876, inclusive.

Railroads.	Years.								
	1868	1869	1870	1871	1872	1873	1874	1875	1876
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
New York Central	2.59	2.20	1.86	1.65	1.69	1.57	1.47	1.27	1.05
Pennsylvania	1.90	1.72	1.55	1.34	1.42	1.42	1.26	1.06	.89
Erie	1.92	1.60	1.37	1.47	1.52	1.45	1.31	1.21	1.07
New York State canals	.88	.92	.83	1.02	1.02	.88	.73	.66	.68
Boston and Albany	2.43	2.19	2.09	2.02	1.96	1.82	1.53	1.11	......
Philadelphia and Erie	......	......	......	1.85	1.46	1.36	.94	.87	.77
Lake Shore and Michigan Southern	2.43	2.34	1.50	1.39	1.37	1.33	1.18	1.01	.82
Michigan Central	2.09	1.98	1 61	1.56	1.57	1.30	1.16	1.03	......
Chicago, Burlington and Quincy	3.01	2.77	2.31	2.19	2.18	1.92	1.90	1.91	......
Chicago and Northwestern	3.13	......	3.09	2.87	2.51	2.35	2.10	1.95	......
Average	2.26	.97	1.91	1.74	1.67	1.54	1.36	1.21	......

N. B.—In this table the calendar year nearest the several fiscal years is taken.

It appears that the average rates on the New York Central Railroad fell from 2.59 cents per ton per mile in 1868 to 1.05 cents per ton per mile in 1876, a fall of 59 per cent.; the rates on the Pennsylvania Railroad fell from 1.90 cents in 1868 to .89 of a cent in 1876, a fall of 53 per cent.; the rates on the Erie Railway fell from 1.92 cents in 1868 to 1.07 cents in 1876, a fall of 44 per cent.; and that the rates on the New York State canals fell from .88 of a cent in 1868 to .68 of a cent in 1876, a fall of 23 per cent.

It appears that the annual average of the rates stated in the foregoing table fell from 2.26 cents per ton per mile in 1868 to 1.21 cents per ton per mile in 1875, a fall of nearly 50 per cent. in eight years. This decrease has not resulted from voluntary concessions by the great trunk lines over which passes a very large proportion of the internal commerce of the country, but from causes beyond their control, and against which they have striven earnestly but in vain. Another most significant fact is the fall of all-rail grain-rates from Chicago to New York from 45 cents per 100 pounds in 1869, to 16 cents per 100 pounds during a part of the year 1876, the rates during the latter year being little more than one-third of those which prevailed but seven years before.

These facts carry with them their own argument. The reductions in freight-charges are the result of competition, and they have been of incalculable advantage to the commercial and the agricultural interests of the country.

Attention is called to the fact that the foregoing table illustrates the *average reduction of rates on both "through" and "local" traffic,* the local traffic of all the roads being the chief source of revenue. The re-

duction of local rates has resulted mainly from competition between the various markets of the country, a result in conformity with the general reduction of prices during the last four years.

Local rates are still remunerative, and it is believed that "competitive rates" may, within the limits of clearly-defined mutual interests, be so adjusted through coöperation as not to entail losses upon the companies. No scheme of adjustment, however, can override the forces of competition, and all attempts of the kind must result in disaster.

It has been supposed that in the contests between the trunk lines the strongest company or combination of companies invariably remains master of the field. It has, however, come to be almost an aphorism among railroad managers that the weakest line determines the rates. It has been seen at Boston that in the struggles between the Grand Trunk Railroad on the one side, and the New York Central, the Erie, and the Pennsylvania Railroads on the other, the Grand Trunk Road, *the weakest of them all*, has remained master of the field. The causes of this apparently paradoxical result have already been explained.

It has also been supposed that the combination between the railroads of the country is yearly becoming closer and more powerful. The facts which have been hereinbefore adduced seem to indicate, however, that the extension of the railway system has tended to create new elements of competition, and to render the adjustment of through rates more difficult. Every trunk line has many interests outside of, and which cannot possibly be embraced within the terms of any combination with other trunk lines, and it has been found that sooner or later these collateral interests lead to the infraction of any conditions which the ingenuity of railroad managers has yet been able to devise. The difficulty appears to be that, heretofore, competing companies in attempting to protect themselves against themselves, have failed to arrive at a clear understanding of the nature and limits of their mutual interests.

As the promoters of the great railroad organizations connecting the West with the seaboard have pushed their lines westward, they have seen their control over "through rates" gradually becoming weaker and weaker, and the idea has been suggested in the interests of the railroad companies, by able men, that the roads ought to invoke some external aid in order to maintain remunerative rates, or at least to avoid the necessity of at times, carrying through freight at an absolute loss. Evidently, it would be detrimental to the public interests if the railroads of the country were to become crippled by their own excesses, but in view of the beneficial results which have been realized from the regulating influence which competition has exerted over rates in the

great commerce between the West and the East, and between all important centers of trade which enjoy the advantages of two or more rival lines, the people will watch with favor the gradual extension of the railway system by which means the limits of the local or non-competitive traffic are being contracted and the limits of the competitive traffic enlarged.

It appears probable that as the facilities of transportation are more widely extended many injurious discriminations will disappear, and that the legitimate limits of the traffic of rival companies will become more clearly defined. It is also to be hoped that the various companies will, upon enlightened views of self-interest, formulate and acquiesce in such regulations with respect to their common interests as to prevent the occurrence of those sudden changes of rates which cause erratic diversions of traffic from one line to another; results which tend to destroy confidence not only in railroad securities, but in the value of the entire property of commercial cities. Such changes of rates tend to depress and not to advance commerce.

Inter- and Intra-Territorial Bases of Rates in Official Classification and New England Territories Including the Atlantic Port Differentials.

Following its Report on Supplemental Hearing (32 I. C. C. 325) in the Five Per Cent. Case (I. C. C. Docket No. 5280, Revenues of Rail Carriers in Official Classification Territory and I. & S. 333, Rate Increases in Official Classification Territory) the Interstate Commerce Commission entered an Order, January 4, 1915, in which there was required, with certain stated modifications, the maintenance of the existing relationships between groups in Official Classification and New England Territories, including the Atlantic Port Differentials. These differentials and other relationships were fully set forth in the Commission's Order:—

"The Commission having under consideration its report and order herein of July 29, 1914, and its supplemental report herein of Dec. 16, 1914;

And it appearing, That, with respect to interterritorial rates, points of origin on the one hand and points of destination on the other in trunk line, New England and Central Freight Association territories, Illinois, the Virginias and eastern Canada are arranged in geographical groups designated by rate groups or percentage numbers generally indicating their relation to the New York-Chicago rates, or to the Chicago-Montreal rates as to certain Canadian points, which represent 100 per cent.; that as to rates between points within trunk line and Central Freight Association territories and the Virginias, and as between trunk line, New England and Central Freight Association territories, and between these territories and Illinois, the Virginias, and parts of eastern Canada, certain rate relations have been established by grouping points of origin and points of destination and applying a common rate to or from such points; that the construction of rates to or from specific points is based upon a percentage of rates to or from other points; that certain rates are constructed by the observance of specific or arbitrary rates or differences to or from adjacent or competitive points, and that rates via differential routes are constructed by the application of stated differentials under the rates of standard rail routes;

And it appearing, That these described groupings and relations should, in the interests of carriers and of competition between shippers and receivers, be maintained:

It is ordered, That in establishing the increased rates approved in said reports, respondents may preserve these existing groupings and relationships as specified herein, even though by so doing some rates are increased slightly more than five per cent.

It is further ordered, That in establishing the increased rates approved in the said reports the rates from Chicago to New York and Montreal, and from New York to Chicago, may be increased five per cent., and those increased rates may be scaled to or from percentage points or groups upon the established percentage groupings and percentages; that the rates via ocean-and-rail and established all-rail differential lines may be made the same differentials under the standard all-rail rates as now exist, and that the established groupings of points of origin or of points of destination under common rates may be preserved, even though so doing results in increasing some rates slightly more than five per cent.

And it is further ordered, That the percentage relationship of rates, the differential and arbitrary adjustment of rates hereby authorized and not above designated shall be as follows, in cents per 100 pounds, except where otherwise noted:

I.—CLASS RATES FROM TRUNK LINE AND NEW ENGLAND TERRITORIES TO CENTRAL FREIGHT ASSOCIATION PERCENTAGE POINTS.

Classes	1	2	3	4	5	6
From Philadelphia, Pa.	6	6	2	2	2	2
From Baltimore, Md.	8	8	3	3	3	3

lower than from New York.

From Albany, Utica and Fair Haven, N. Y.—

To 75 per cent. points and higher, New York rates less 20 per cent. of the New York to Chicago rates.

To 60 per cent., 67 per cent., and 71 per cent. points, Philadelphia to 60 per cent. points rates as minima.

To 70 per cent. points, Philadelphia to 70 per cent. points rates as minima.

To 72 per cent., 73 per cent., and 74 per cent. points, New York rates less 20 per cent. of the New York to Chicago rates, observing 71 per cent. rates as minima.

From Rochester, Syracuse—Geneva, Elmira, and Mount Morris, N. Y.—

To 72 per cent. points and higher, 70 per cent. of the New York rates.

To 60 per cent., 67 per cent., and 71 per cent. points, arbitrary rates.

To 70 per cent. points, same rates as to 81 per cent. points.

From Boston, Mass.—

To 60 per cent. points, New York rates plus

Classes	1	2	3	4	5	6
Arbitraries	5	4	3	3	2½	2

To 67 per cent. and 70 per cent. points, same as to 71 per cent. points.

To 71 per cent. points and higher, New York rates.

From New Berlin, N. Y.—

To 60 per cent. to 77 per cent. points, New York rates with 78 per cent. (New Berlin) rates as maxima.

To 78 per cent. points and higher, New York rates less

Classes	1	2	3	4	5	6
Arbitraries	6	5	4	3	2	2

From Ogdensburg, N. Y.—

To 60 per cent. to 77 per cent. points, same as from Boston, but not to exceed rates from Ogdensburg to 78 per cent. points.

Classes	1	2	3	4	5	6
To 78 per cent. points	8	6	4	3	3	2
To 79 per cent. points	8	6	5	4	4	2
To 80 per cent. points	9	7	5	4	4	2
To 81 per cent. points	10	8	6	4	4	2
To 82 per cent. points and higher	10	8	6	4	4	3

lower than from New York.

From Scranton, Pa.—

To all percentage points, except 70 per cent. points, 80 per cent. of rates from New York to same destinations, with Philadelphia to 60 per cent. points rates as minima.

To 70 per cent. points Williamsport rate plus

Classes	1	2	3	4	5	6
Arbitraries	2	2	1	1	1	1

From Williamsport, Pa., and Cumberland, Md.—

To all percentage points except 70 per cent. points, 77 per cent. of rates from New York to same destinations; Baltimore to 60 per cent. points rates minima from Williamsport.

To 70 per cent. points, same as from Syracuse to 70 per cent. points.

From Washington, D. C. (via southern routes), and Lexington, Va.—

To percentage points, Baltimore rates subject to Virginia cities-Pittsburgh rates (Columbus to Baltimore basis) as minima.

From Virginia cities—

Classes	1	2	3	4	5	6
To percentage points, Baltimore rates less	8	6	4	3	2	2

subject to varying minima at points taking less than 95 per cent.

II.—CLASS RATES FROM TRUNK LINE TERRITORY TO CANADIAN PERCENTAGE POINTS.

From Boston, Mass.—

To 76-C to 100-C points, New York rates.

From Albany, N. Y.—

To 76-C to 100-C points, New York rates less 20 per cent. of New York to Chicago rates.

From Ogdensburg, N. Y.—

To 76-D and 78-D points, Detroit rates as maxima.

To 76-C points, same as to 78-C points.

Classes	1	2	3	4	5	6
To 78-C points	6	5	3	2	2	2

less than New York rates.

To 80-C points	8	6	4	3	3	2

less than New York rates, but not less than to 78-C points.

To 82-C to 100-C points	8	6	4	3	3	2

less than New York rates.

From Syracuse, N. Y.—

To 76-C to 100-C points, 70 per cent. of New York rates.

From Philadelphia and Scranton, Pa.—

To 76-D and 78-D points, Detroit rates as maxima.

To 76-C to 100-C points, New York rates.

From Baltimore, Md., and Williamsport, Pa.—

To 76-D and 78-D points, Detroit rate as maxima.

To 76-C to 100-C points, New York rates.

From New York rate territory—

To Montreal rate territory, 73 per cent. of New York to Chicago rates.

To Carleton Place rate territory, 76 per cent. of New York to Chicago rates.

To Quebec rate territory, 78 per cent. of New York to Chicago rates.

From Philadelphia and Baltimore rate territories—

To Montreal rate territory, same as from New York rate territory.

To Carleton Place rate territory, same as from New York rate territory.

To Quebec rate territory, same as from New York rate territory.

From Albany rate territory—

To Montreal rate territory, same as from Albany to 73 per cent. points in Central Freight Association territory.

To Carleton Place rate territory, same as from Albany to 76 per cent. points in Central Freight Association territory.

To Quebec rate territory, same as from Albany to 78 per cent. points in Central Freight Association territory.

Rate to Canadian territory east of Kingston, Sharbot Lake, North Bay, and Depot Harbor, Ontario, other than as described in the foregoing, arbitraries above base-point rates.

III.—COMMODITY RATES FROM TRUNK LINE AND NEW ENGLAND TERRITORIES TO CENTRAL FREIGHT ASSOCIATION PERCENTAGE POINTS.

From Boston, Mass.—

To Trunk line western termini and 60 per cent. points: When commodity rates from New York to the western termini of the trunk lines and points taking 60 per cent. of New York to Chicago rates are the same as standard class rates, rates upon like articles from Boston, Mass., and New England points taking Boston rates to such western termini and 60 per cent. points may be made by adding to the commodity rates from New York the same differences which exist between such class rates from New York and the corresponding class rates from Boston to same destinations. When commodity rates from New York to western termini of the trunk lines and points taking 60 per cent. of New York to Chicago rates are not the same as standard class rates, rates upon like articles from Boston and New England points taking Boston rates to such western termini and 60 per cent. points may be made by adding to the commodity rates from New York the differences which exist between the class rates next higher than the commodity rates from New York and the corresponding class rates from Boston to same destinations.

To 67 per cent. to 71 per cent. points: When commodity rates are established from New York to Chicago, either locally or as a basis for other western points, rates upon like articles from Boston and New England points taking Boston rates to points taking higher than 60 per cent., but not greater than 71 per cent. of New York to Chicago rates, may be made the same as rates applying from New York to 71 per cent. points.

To 72 per cent. points and higher: To points taking higher than 71 per cent. of New York to Chicago rates, the rates from Boston and points in New England taking Boston rates may be made the same as from New York, but to points taking higher than 60 per cent. not less than to 60 per cent. points, as provided in the foregoing.

From Albany, N. Y.—

To 60 per cent. points and higher: When a rate per 100 pounds or per ton is established upon any commodity from New York to Chicago as a basing rate and corresponding rates apply from interior points, the rate from Albany, N. Y., to Chicago and other points taking 100 per cent. of New York to Chicago rates may be 80 per cent. of the New York to Chicago rate. Rates to points taking other than 100 per cent. of New York to Chicago rates may be scaled on the established percentage of the rate from Albany to Chicago.

From New Berlin, N. Y.—

To 60 per cent. to 77 per cent. points, same as from New York, with rates from New Berlin to 78 per cent. points as maxima.

To 78 per cent. points and higher, New York rates less

Classes*	1	2	3	4	5	6
Differentials	6	5	4	3	2	2

From Ogdensburg, N. Y.—

To 60 per cent. points, same as from Boston to 60 per cent. points.

To 67 per cent. to 77 per cent. points, same as from Boston, but not to exceed rates from Ogdensburg to 78 per cent. points.

To 78 per cent. points and higher, New York rates less

Classes*	1	2	3	4	5	6
Differentials	10	8	6	4	4	3

From Rochester-Syracuse, N. Y.—

To 60 per cent. points and higher: When a rate per 100 pounds or per ton is established upon any commodity from New York to Chicago as a basing rate and corresponding rates apply from interior points, the rates from Rochester-Syracuse, N. Y., to Chicago and other points taking 100 per cent. of New York to Chicago rates may be 70 per cent. of the New York to Chicago rate. Rates to points taking other than 100 per cent. of New York to Chicago rates may be scaled on the established percentage basis of the rate from Rochester-Syracuse to Chicago.

From Philadelphia, Pa.—

To 60 per cent. points and higher, New York rates less

Classes	1	2	3	4	5	6 or lower
Differentials	6	6	2	2	2	2

From Baltimore, Md.—

To 60 per cent. points and higher, New York rates less

Classes	1	2	3	4	5	6 or lower
Differentials	8	8	3	3	3	3

From Scranton, Pa.—

To 60 per cent. points, same as from Philadelphia to 60 per cent. points.

To 67 per cent. points and higher, to Chicago and other 100 per cent. points, 80 per cent. of New York to Chicago rate; to points taking other than 100 per cent. of New York to Chicago, rates scaled on established percentage basis of rate from Scranton to Chicago. (Philadelphia to 60 per cent. rates as minima.)

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*In connection with westbound commodity rates upon a lower basis than sixth class, varying differentials are applied. dependent upon the standard rate basis New York to Chicago governing in such instances.

From Williamsport, Pa.—

To 60 per cent. points, same as from Baltimore to 60 per cent. points.

To 67 per cent. points and higher, to Chicago and other 100 per cent. points, 77 per cent. of New York to Chicago rate: to points taking other than 100 per cent. of New York to Chicago, rates scaled on established percentage basis of rate from Williamsport to Chicago. (Baltimore to 60 per cent. rates as minima.)

From Cumberland, Md.—

To 60 per cent. points and higher, to Chicago and other 100 per cent. points, 77 per cent. of New York to Chicago rate; to points taking other than 100 per cent. of New York to Chicago rates scaled on established percentage basis of rate from Cumberland to Chicago (via Pennsylvania Railroad, Baltimore to 60 per cent. rates as minima).

From Belington and Richwood, W. Va.—

To 60 per cent. points and higher, Cumberland commodity rates, subject to various minima and exceptions.

From Lexington, Va.—

To 60 per cent. points and higher, Baltimore commodity rates, subject to Virginia cities—Pittsburgh rates as minima, with various exceptions.

From Virginia cities—

To 60 per cent. points and higher, Baltimore commodity rates, subject to various minima and exceptions.

IV.—CLASS AND COMMODITY RATES BETWEEN POINTS IN TRUNK LINE TERRITORY.

Between New York, Philadelphia and Baltimore rate points and—60 per cent. of New York-Chicago rates.

Between Philadelphia rate points and Pittsburgh and Erie rate points—

Classes	1	2	3	4	5	6
Arbitraries of	6	6	2	2	2	2

lower than rates between New York and Pittsburgh or Erie.

Between Baltimore rate points and Pittsburgh and Erie rate points—

Classes	1	2	3	4	5	6
Arbitraries of	8	8	3	3	3	3

lower than rates between New York and Pittsburgh or Erie.

Between New York, Philadelphia and Baltimore rate points and Buffalo rate points—Philadelphia-Erie rates.

From Albany and Utica rate points—

To Pittsburgh and Erie rate points—class rates, Philadelphia to Pittsburgh or Erie rates; commodity rates, 80 per cent. of New York to Pittsburgh or Erie rates.

From Pittsburgh rate points —

To Albany rate points, Pittsburgh to New York rates.

From Erie rate points—

To Albany rate points, 92 per cent. of Erie to New York rates.

From Pittsburgh rate points—

To Utica rate points, 92 per cent. of Pittsburgh to New York rates.

From Erie rate points—

To Utica rate points, 80 per cent. of Erie to New York rates.

From Syracuse and Rochester rate points—

To Pittsburgh and Erie rate points—class rates, Syracuse to Cleveland rates; commodity rates, 70 per cent. of New York to Pittsburgh or Erie rates.

From Pittsburgh rate points—

To Syracuse rate points, 84 per cent. of Pittsburgh to New York rates.

To Rochester rate points, 72 per cent. of Pittsburgh to New York rates.

From Erie rate points—

To Syracuse rate points, 75 per cent. of Erie to New York rates.

To Rochester rate points, 62 per cent. of Erie to New York rates.

Between Boston rate points and Pittsburgh-Erie rate points—

Classes	1	2	3	4	5	6
Arbitraries of	5	4	3	3	2½	2

higher than New York-Pittsburgh or Erie rates.

Between Boston rate points and Buffalo rate points—

Classes	1	2	3	4	5	6
Arbitraries of	5	5	2½	2½	2½	2

higher than New York-Buffalo rates.

Between Pittsburgh and Virginia cities—Columbus to Baltimore basis.

Between Rouses' Point rate points and points in trunk line territory—same as between Sherbrooke rate points in New England and trunk line territory points.

Between Buffalo, Dunkirk and interior New York state points and—

Classes	1	2	3	4	5	6
Alexandria, Va., and Washington, D. C.	10	8	6	6	5	5
Quantico, Va.	13	10	8	6	5	5
Virginia cities	20	17	13	9	8	6

over Baltimore rates.

V.—CLASS AND COMMODITY RATES FROM TRUNK LINE TERRITORY TO POINTS IN NEW ENGLAND, INCLUDING EASTERN CANADIAN POINTS ON THE BOSTON & MAINE AND MAINE CENTRAL RAILROADS.

From Pittsburgh and Erie rate points—

To New York and Pelham rate points, 60 per cent. of Chicago to New York rates.

To Hartford, Boston, Portland and Brunswick rate territories

Classes	1	2	3	4	5	6
Arbitraries of	5	4	3	3	2½	2

higher than Pittsburgh or Erie to New York rates.

To Sherbrooke or Woodsville rate points in the United States, Cleveland to Boston rates.

To Sherbrooke rate points in Canada, Toledo to Boston rates.

From Buffalo rate territory—

To New York and Pelham rate points, Buffalo to New York rates.

To Hartford, Boston, Portland and Brunswick rate points—

Classes	1	2	3	4	5	6
Arbitraries	5	5	2½	2½	2½	2

higher than Buffalo to New York rates.

To Woodsville and Sherbrooke rate points. Pittsburgh or Erie to Boston rates.

VI.—FROM POINTS IN CENTRAL FREIGHT ASSOCIATION TERRITORY, ILLINOIS AND MISSISSIPPI RIVER POINTS CLASS RATES.

To Boston, Mass.

Classes	1	2	3	4	5	6
Cents	7	6	5	4	3	2

over New York.

To Rockland, Me., Boston rates, with Cleveland to Boston rates as minima.

To Stanstead, Quebec, Boston rates, with Toledo to Boston rates as minima.

To Baltimore, Md.

Classes	1	2	3	4	5	6
Cents	3	3	3	3	3	3

under New York.

To Philadelphia, Pa.

Classes	1	2	3	4	5	6
Cents	2	2	2	2	2	2

under New York.

From and to the following points rates will be the stated percentages of New York rates, except as shown:

	From 66½ per cent. to 71 per cent. points, both inclusive. Per cent.	From 72 per cent. to 78 per cent. points, both inclusive. Per cent.	From 79 per cent. to 100 per cent. points, both inclusive. Per cent.	From points over 100 per cent. Per cent.
Albany, N. Y.	96	96	96	96
Mount Morris, N. Y. .. } Rochester, N. Y. ...... }	*63	*68	74	76
Cumberland, Md.† .... } Syracuse, N. Y. ...... }	74	76	80	84
Utica, N. Y.	83	87	90	91

To Emporium, Pa., same as to Rochester, N. Y.

*From 66½ per cent. to 78 per cent. points, both inclusive, to Mount Morris and Rochester, N. Y., and points taking Mount Morris or Rochester rates

Classes	1	2	3	4	5	6
Cents	3	3	2	2	1	1

over Buffalo.

†Johnstown, Pa., rates as minima.

VII.—LIVE STOCK AND DRESSED MEAT RATES.

To Boston, Mass., same as to New York.

To Baltimore, Md., 3 cents less than to New York.

To Philadelphia, Pa., 2 cents less than to New York.

To Albany, Cumberland, Mount Morris, Rochester, Syracuse, Utica and points taking same rates, percentages for class rates will apply, except:

From 66½ per cent. to 78 per cent. points, both inclusive, in carloads, to Mount Morris and Rochester, and points taking same rates, calves, cattle, hogs and sheep, 1 cent; horses, 3 cents, and dressed meats, 2 cents over Buffalo.

From Indiana, Illinois and Kentucky points taking higher than 100 per cent. of Chicago to New York rates to Baltimore, Md.; Boston, Mass., New York, N. Y., and Philadelphia, Pa., on cattle, horses, mules and sheep, also dressed beef, dressed hogs and dressed sheep, carloads:

	Over Chicago.
From points over 100 per cent. to and including 108 per cent.	2
From points over 108 per cent. to and including 110 per cent.	3
From points over 110 per cent. to and including 112 per cent.	4
From points over 112 per cent. to and including 117 per cent.	5

On cattle, horses, mules and sheep, also on dressed beef, dressed hogs and dressed sheep, carloads, to interior eastern points, established percentages of the New York rates.

On live stock, carloads, to Virginia points: (a) From 60 per cent. to and including 76 per cent. points, 76 per cent. of Chicago-New York rates, less Baltimore differential of 3 cents. (b) From 77 per cent. to 87 per cent. points, inclusive, 87 per cent. of Chicago-New York rates, less Baltimore differential of 3 cents.

From 88 per cent. points and higher, established percentage of Chicago to New York rates, less 3 cents, except that on horses and mules New York rates apply.

From Illinois, Indiana and Kentucky points taking higher than 100 per cent.:

On calves, cattle, lambs, and sheep, carloads:

	Over the Chicago-Virginia points rates. Cents.
From points over 100 per cent. to and including 108 per cent.	2
From points over 108 per cent. to and including 110 per cent.	3
From points over 110 per cent. to and including 112 per cent.	4
From points over 112 per cent. to and including 117 per cent.	5

On horses and mules, carloads, from points taking higher than 100 per cent., New York rates as minima.

VIII.—COMMODITY RATES.

To Boston, Mass., class differentials over New York rates when the rate of New York is same as the standard class rate. If commodity rate to New York is not same as standard class rate, commodity rate to Boston will be the differential for the next higher class than that indicated by the New York rate.

To Rockland, Me., and Stanstead, Quebec, same rules as provided above for class rates.

To Baltimore, Md., 3 cents, and to Philadelphia, Pa., 2 cents lower than to New York.

To Albany, Cumberland, Mount Morris, Rochester, Syracuse, Utica and interior points taking same rates, class rate percentages of the New York rates.

From 66½ per cent. to 78 per cent. points, both inclusive, to Rochester and Mount Morris, N. Y., and points taking Rochester rates, Buffalo rates plus arbitrary for class that is most nearly approximated by the New York commodity rate, but not to exceed rates from or to points beyond.

Minimum rates to Rochester, Syracuse and same rate points may be:

(a) Basis less than 20 cents, Chicago to New York, from 66½ per cent. points or higher Baltimore rates. (See Note 1.)

(b) Basis of 20 cents or higher Chicago to New York, from points

taking 66½ per cent. or higher, Baltimore rates on basis 19½ cents Chicago to New York. (See Note 1.)

Note 1.—These rules will not apply on blocks, asphalt paving, furnace, or tank; brick, building, fire, furnace, hollow, paving, pressed, salt-glazed, sand lime, or tank; clay, all kinds, including fire; conduits, brick or clay; curbing, vitrified; fireproofing, clay; flue lining; guards, cattle, clay; heads, stopper, clay; kaolin; shale, slabs, tile; sleeves, clay; tuyeres, clay.

IX.—COTTON, COTTON LINTERS AND REGINS.

To Boston, Mass., 5 cents higher than to New York.

To Baltimore, Md., 3 cents less than to New York.

To Philadelphia, Pa., 2 cents less than to New York.

To Albany, Rochester, Syracuse and Utica, 5 cents less than to New York.

X.—GRAIN AND GRAIN PRODUCTS.

DOMESTIC.

To Baltimore, Md., 3 cents under New York.

To Boston, Mass., 2 cents over New York.

To Newport News and Norfolk, Va., same as to Baltimore, except as otherwise provided herein for rates to Virginia cities.

To Philadelphia, Pa., 2 cents under New York.

To Rockland, Me., and Stanstead, Quebec, same rules as apply to class rate traffic.

The following percentages of the rate to New York will apply from and to the points named:

From—	To Albany, N. Y. Pct.	To Cumberland, Md.	To Rochester, N. Y.* Pct.	To Syracuse, N. Y.* Pct.	To Utica, N. Y. Pct.
Chicago, Group 1	96	**	74	80	90
Group 2	96	**	74	80	90
Group 3	96	**	74	80	90
Group 4	96	**	74	80	90
Group 4-A	96	**	76	84	91
Group 5	96	**	74	80	90
Group 6	96	**	74	80	90
Group 7	96	**	74	80	90
Group 8	96	**	74	80	90
Group 9	96	**	68	76	87
Group 9-A	96	**	74	80	90
Group 9-B	96	**	74	80	90
Group 10	96	**	68	76	87
Group 11	96	**	68	76	87
Group 12	96	**	63	74	83
Group 13	96	**	74	80	90
Group 14	96	**	74	80	90
Group 15	96	**	74	80	91

*Baltimore rates as minima to Rochester and Syracuse.

**Deduct one-half cent from the Baltimore rates, observing Johnstown rates as minima.

GRAIN FOR EXPORT.

To Baltimore, 1½ cents under New York.
To Boston, same as New York.
To Philadelphia, 1 cent under New York.

GRAIN PRODUCTS (EXCEPT FLOUR) FOR EXPORT.

To Baltimore, 3 cents under New York.
To Boston, same as New York.
To Philadelphia, 2 cents under New York.

FLOUR FOR EXPORT.

To Baltimore, same as export "grain product" rate.
To Boston, same as New York.
To New York, 2 cents over Baltimore.
To Philadelphia, 1 cent over Baltimore.

XI.—CLASS, COMMODITY, DRESSED MEATS AND LIVE STOCK.

From points named below in the following groups:

	Group 1	Group 2	Group 4	Group 5
	Percentage of Chicago to New York rates (see Note 2).			
To—				
New York, N. Y.	60	60	60	60
	Percentage of New York rates.			
Albany, N. Y.	85	92	92	100
Cumberland, Md.*†				
Emporium, Pa. (see Note 1)	60	62	62	72
Syracuse, N. Y.	75	75	78	84
Utica, N. Y.	80	80	85	92
Mt. Morris, N. Y. (see Note 1)	55	62	62	72
Rochester, N. Y. (see Note 1)	55	62	62	72
Hagerstown, Md.‡	Baltimore, Md., rates with Norfolk, Va., rates as minima.			
Rockland, Me.	Cleveland, Ohio, to Boston, Mass., rates as minima.			
Standstead, Que	Toledo, Ohio, to Boston, Mass., rates as minima.			

*Rates from 66½ per cent. points as maxima.

†Grain, grain products, and by-products of grain, ½ cent less than Baltimore; Johnstown rates as minima.

‡Via Norfolk & Western Ry. only.

From groups 1, 2, 4 and 5 to Boston, Mass., class and commodity rates will be—

Classes	1	2	3	4	5	6
Cents	5	4	3	3	2½	2

higher than to New York. On dressed meats and live stock, carloads, from all groups to Boston, same as to New York.

From points named in groups 1, 2, 4 and 5 to Philadelphia, class and commodity rates will be—

Classes	1	2	3	4	5	6
Cents	6	6	2	2	2	2

less than to New York. On dressed meats and live stock, carloads, from all groups to Philadelphia, 2 cents less than to New York.

From points named in group 1 to Baltimore, class and commodity rates will be—

Classes	1	2	3	4	5	6
Cents	6	6	2	2	2	2

less than to New York; from groups 2, 4, and 5 to Baltimore, will be—

Classes	1	2	3	4	5	6
Cents	8	8	3	3	3	3

less than to New York. On dressed meats and live stock, carloads, from all groups to Baltimore, 3 cents less than to New York.

Station.	Group No.	Station.	Group No.
Brockton, N. Y.	1	Jamestown, N. Y.	1
Butler, Pa.	5	Mayville, N. Y.	1
Corry, Pa.	2	Meadville, Pa.	4
Dayton, N. Y.	1	Oil City, Pa.	4
Dunkirk, N. Y.	1	Titusville, Pa.	4
Erie, Pa.	2	Union City, Pa.	2
Falconer Junction, N. Y.	1	Warren, Pa.	2
Franklin, Pa.	4	Westfield, N. Y.	1
Irvineton, N. Y.	2		

NOTE 1.—Rochester, Emporium, Mount Morris and points taking same rates:

Classes	1	2	3	4	5	6
Cents	4	3	2	2	1	1

over Buffalo, but not higher than from or to points beyond.

NOTE 2.—Except on iron and steel articles, grain and grain products, rates from Mahoning and Shenango Valleys as maxima from 60 per cent. points.

TO VIRGINIA CITIES.

Baltimore rates will be minima to Virginia cities proper, except (a) from points taking less than 77 per cent. of Chicago to New York rates, and (b) from points taking higher than 77 per cent. of Chicago to New York rates, located in territory on and east of Norfolk & Western Railway, Columbus to Portsmouth, Ohio, and south of Pittsburgh, Cincinnati, Chicago & St. Louis Railway, Columbus to Steubenville, Ohio, inclusive, to Virginia cities proper, Columbus, Ohio, to Baltimore proper rates as minima.

TO VIRGINIAN RAILWAY STATIONS.

To first station south of Deepwater, W. Va., to and including Lester, W. Va.: From points on and west of Cleveland-Marietta-Belpre line described in Note 1, Norfolk rates, plus

Classes	1	2	3	4	5	6
Cents	6	5	4	3	2	2

From points east of Cleveland-Marietta-Belpre line described in Note 1, same as from Baltimore.

To points south and east of Lester, W. Va., to but not including Salem, Va.: From points on and west of the Cleveland-Marietta-Belpre line described in Note 1, Norfolk rates plus

Classes	1	2	3	4	5	6
Cents	12	10	8	7	6	5

From points east of Cleveland-Marietta-Belpre line described in Note 1, same as from Baltimore.

To Salem, Va.: From points on and west of Cleveland-Marietta-Belpre line described in Note 1, Norfolk rates. From points east of Cleveland-Marietta-Belpre line described in Note 1, Baltimore to Salem, Va., rates.

To Roanoke, Va.: From Central Freight Association and Illinois points, Norfolk rates.

To points east of Roanoke, Va., to and including Altavista, Va.: From points on and west of Cleveland-Marietta-Belpre line described in Note 1, Norfolk rates. From points east of Cleveland-Marietta-Belpre line described in Note 1, rate basis as per Note 2.

To points east of Altavista, Va., through, but not including Suffolk, Va., to, but not including Norfolk, Va.: From points on and west of Cleveland-Marietta-Belpre line described in Note 1, Norfolk rates plus

Classes	1	2	3	4	5	6
Cents	12	10	8	7	6	5

From points east of Cleveland-Marietta-Belpre line described in Note 1, rate basis as per Note 2.

To Alberta, Brookneal, Jarratt and Meherrin, Va., on shipments destined beyond: From points on and west of Cleveland-Marietta-Belpre line described in Note 1, Norfolk rates.

To Norfolk, Sewells Point and Suffolk, Va.: From Central Freight Association and Illinois points, Norfolk rates.

Note 1.—Description of Cleveland-Marietta-Belpre line: Beginning at and including Cleveland, Ohio; thence via and including points on the lines of the Pennsylvania Company to and including Hudson, Ohio; thence via and including points on the Cleveland, Akron & Columbus Railway, to and including Akron, Ohio; thence via and including points on the Baltimore & Ohio Railroad, to and including Canton, Ohio; thence via and including points on the Baltimore and Ohio Railroad to and including Valley Junction, Ohio; thence via and including points on the lines of the Pennsylvania Company, to and including Canal Dover, Ohio; thence via and including points on the Baltimore & Ohio Railroad, to Uhrichsville, Ohio; thence via and including points on the Pittsburgh,

Cincinnati, Chicago & St. Louis Railway, to and including New Comerstown, Ohio; thence via and including points on the lines of the Pennsylvania Company, to and including Marietta, Ohio; thence via and including points on the Baltimore & Ohio Southwestern Railroad, to and including Belpre, Ohio.

NOTE 2.—Add following arbitraries, governed by Southern Classification, to Norfolk, Va., rates:

Classes ...	1	2	3	4	5	6	A	B	C	D	E	F	H
Cents	20	16	13	11	9	8	7	8	7	7	9	14	11

Arbitraries for commodities announced in Virginian Railway Freight Tariff I. C. C. No. 760 may be used in arriving at through joint rates from points east of Cleveland-Marietta-Belpre line described in Note 1.

TO BELINGTON, ELKINS, ETC.

Class and commodity rates to Belington and Elkins, W. Va., and points taken same rates, same as to Cumberland, Md., subject to existing rule as to minimum rates. This basis applies from points west of Ohio River and Ohio-Pennsylvania state line taking rates higher than from Pittsburgh, Allegheny, Pittsburgh, North Side, Bellaire, Wheeling or Parkersburg proper, also from points east of Ohio-Pennsylvania state line located on and west of Bessemer & Lake Erie Railroad, subject to minimum basis of 17½ cents, Chicago to New York.

XII.—IRON AND STEEL ARTICLES, BILLETS, PIG IRON AND ARTICLES TAKING SAME RATES.

FROM CLEVELAND GROUP.

	Iron and steel articles classified fourth, fifth, and sixth class.	Billets, pig iron, etc., per ton.
Albany, N. Y.	2 cents higher than Pittsburgh	30 cents higher than Pittsburgh.
Baltimore, Md.	3 cents higher than Pittsburgh	60 cents higher than Pittsburgh.
Binghamton, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Boston, Mass.	3 cents higher than Pittsburgh	60 cents higher than Pittsburgh.
Burlington, Vt.	3 cents higher than Pittsburgh	60 cents higher than Pittsburgh.
Corning, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Elmira, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Geneva, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Hornellsville, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Ithaca, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Lexington, Va.	Same as Pittsburgh	20 cents higher than Pittsburgh.
Lynchburg, Va.	Same as Pittsburgh	20 cents higher than Pittsburgh.
Mount Morris, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Newport News, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.
New York, N. Y.	3 cents higher than Pittsburgh	60 cents higher than Pittsburgh.
Norfolk, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.
Old Point Comfort, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.
Owego, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Philadelphia, Pa.	3 cents higher than Pittsburgh	60 cents higher than Pittsburgh.
Portsmouth, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.
Punxsutawney, Pa.	Same as to Rochester, N. Y.	Same as to Rochester, N. Y.
Richmond, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.
Richfield Springs, N. Y.	2 cents higher than Pittsburgh	30 cents higher than Pittsburgh.
Rochester, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Rockland, Me.	Same as to Boston	Same as to Boston.
Stanstead, Quebec	Same as from Toledo to Boston	Same as from Toledo to Boston.
Syracuse, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Utica, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Waverly, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Wayland, N. Y.	Same as Pittsburgh	Same as Pittsburgh.

FROM YOUNGSTOWN GROUP.

Albany, N. Y.	1 cent higher than Pittsburgh	20 cents higher than Pittsburgh.
Baltimore, Md.	2 cents higher than Pittsburgh	40 cents higher than Pittsburgh.
Binghamton, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Boston, Mass.	2 cents higher than Pittsburgh	40 cents higher than Pittsburgh.
Burlington, Vt.	2 cents higher than Pittsburgh	40 cents higher than Pittsburgh.
Corning, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Elmira, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Geneva, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Hornellsville, N. Y.	½ cent less than Pittsburgh	10 cents less than Pittsburgh.
Ithaca, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Lexington, Va.	Same as Pittsburgh	20 cents higher than Pittsburgh.
Lynchburg, Va.	Same as Pittsburgh	20 cents higher than Pittsburgh.
Mount Morris, N. Y.	½ cent less than Pittsburgh	10 cents less than Pittsburgh.
Newport News, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.
New York, N. Y.	2 cents higher than Pittsburgh	40 cents higher than Pittsburgh.
Norfolk, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.
Old Point Comfort, Va,	Same as to Lexington, Va.	Same as to Lexington, Va.
Owego, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Philadelphia, Pa.	2 cents higher than Pittsburgh	40 cents higher than Pittsburgh.
Portsmouth, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.
Punxsutawney, Pa.	Same as to Rochester, N. Y.	Same as to Rochester, N. Y.
Richmond, Va.	Same as to Lexington, Va.	Same as to Lexington, Va.
Richfield Springs, N. Y.	1 cent higher than Pittsburgh	20 cents higher than Pittsburgh.
Rochester, N. Y.	½ cent less than Pittsburgh	10 cents less than Pittsburgh.
Rockland, Me.	Same as from Cleveland to Boston	Same as from Cleveland to Boston.
Stanstead, Quebec	Same as from Toledo to Boston	Same as from Toledo to Boston.
Syracuse, N. Y.	Same as from Pittsburgh	Same as from Pittsburgh.
Utica, N. Y.	4th and 5th class same as Pittsburgh; 6th class, ½ cent less	10 cents less than Pittsburgh.
	than Pittsburgh	10 cents less than Pittsburgh.
Waverly, N. Y.	Same as Pittsburgh	Same as Pittsburgh.
Wayland, N. Y.	½ cent less than Pittsburgh	10 cents less than Pittsburgh.

FROM MARIETTA AND ZANESVILLE GROUPS.

Albany, N. Y.	3 cents higher than Pittsburgh	60 cents higher than Pittsburgh.
Baltimore, Md.	3½ cents higher than Pittsburgh	70 cents higher than Pittsburgh.
Boston, Mass.	3½ cents higher than Pittsburgh	70 cents higher than Pittsburgh.
New York, N. Y.	3½ cents higher than Pittsburgh	70 cents higher than Pittsburgh.
Philadelphia, Pa.	3½ cents higher than Pittsburgh	70 cents higher than Pittsburgh.
Rochester, N. Y.	2 cents higher than Pittsburgh*	40 cents higher than Pittsburgh.
Syracuse, N. Y.	1 cent higher than Pittsburgh.	20 cents higher than Pittsburgh.
Utica, N. Y.	1 cent higher than Pittsburgh.	20 cents higher than Pittsburgh.
Virginia cities	Columbus, Ohio, to Baltimore rates	20 cents higher than Pittsburgh.

*Fourth class, 3 cents higher than Pittsburgh. Will also apply on less-than-carload shipments of articles specified in special iron and steel list.

From Marietta and Zanesville groups, the rates subject to the basis of 74 per cent. of rates current from Chicago to New York City apply as maxima.

On iron and steel articles classified fourth, fifth and sixth class, respectively, billets, pig iron and articles groups therewith:

From Wheeling, Va., group to eastern base points named above, same as from Pittsburgh.

From Conneaut Lake, Pa.; Dunkirk, N. Y.; Erie, Exposition Park, Franklin, Lynces Junction, Meadville, Oil City, Watsons Run, West Union and West Vernon, Pa., Pittsburgh rates, except that rates from Youngstown, Ohio, will be maxima.

On iron and steel billets, pig iron and articles taking the same rates to Virginia cities from Ashland, Ky., and Ironton, Ohio, same as from Pittsburgh; from Columbus, Ohio, 20 cents per ton over Pittsburgh.

ON BILLETS, PIG IRON AND ARTICLES TAKING SAME RATE.

From	To—	Rate bases.
Akron, O.; Alliance, O.; Ashtabula, O.; Barberton, O.; Cambridge, O.; Canal Dover, O.; Canton, O.; Cleveland, O.; Coshocton, O.; Dunkirk, N. Y.; Elyria, O.; Erie, Pa.; Girard, Pa.; Hudson, O.; Kent, O.; Lorain, O.; Mahoning and Shenango Valleys; Massillon, O.; Medina, O.; Mineral Point, O.; Minerva, O.; New Comerstown, O.; New Philadelphia, O.; Oneida, O.; Orrville, O.; Painesville, O.; Ravenna, O.; Zoar, O.	Harrisburg, Pa.; Milton, Pa.; Northumberland, Pa.; Steelton, Pa.; Sunbury, Pa.; Williamsport, Pa.	Baltimore.
Bridgeport, O.; Brilliant, O.; Irondale, O.; Martins Ferry, O.; Mingo Junction, O.; Smith Ferry, O.; Steubenville, O.; Wellsville, O.	Harrisburg, Pa.; Milton, Pa.; Northumberland, Pa.; Steelton, Pa.; Sunbury, Pa.; Williamsport, Pa.	Baltimore, less 10 cents per ton (gross or net, as case may be), Wheeling, W. Va., to Syracuse, N. Y., rates as maxima.

TO CUMBERLAND, MD.

On iron and steel billets, pig iron, tin ashes and articles taking same rates, from points west of a line drawn from Sandusky, Ohio, through Kimball, Monroeville, Chicago Junction, Plymouth, Shelby, Mansfield, Mount Vernon, Newark and New Lexington, Ohio, through Corning and Athens, Ohio, to the Ohio River at Pomeroy, Ohio, to Cumberland, Md., 60 cents per ton, net or gross, higher than to Pittsburgh, Pa.

IRON AND STEEL BILLETS, PIG IRON, ETC.

Except from Cleveland, the Mahoning and Shenango Valleys and other points basing on Pittsburgh, Pa., rates on pig iron, iron and

steel billets, and articles taking same rates may be computed as follows:

When a basing rate per gross ton is established from Chicago, Ill., to New York, obtain rates from Chicago by ascertaining the rate in cents per 100 pounds from Chicago to New York, using weight of 2,000 pounds per ton and retaining the actual fractions, after which apply regular percentage basis.

XIII.—TO CANADIAN POINTS.

To Canadian points mentioned below and points taking the same rates:

From points east of Cincinnati taking Pittsburgh rates via Detroit to stations east of Toronto, through rates from Cincinnati will be minima.

From points taking less than 78 per cent. of Chicago to New York rates, 78 per cent. point rates will be minima.

From points taking percentages of Chicago to New York class rates, the following percentages of Montreal standard rates, subject to Montreal rates as maxima to stations in direct line:

To—	Classes and commodities. Under 78 pct. Pct.	78 per pct. Pct.	79 to 100 pct. Pct.	Over 100 pct. Pct.
Agincourt, Ont.; Myrtle, Ont.; Oshawa, Ont.	74	68	74	76
Cobourg, Ont.	80	76	80	84
Lindsay, Ont.; Peterboro, Ont.; Central Ontario Jct., Ont.; Trenton, Ont.; Sharbot Lake, Ont.; Napanee, Ont.; Kingston, Ont.	90	87	90	91

To—	Live stock and dressed meats, carloads. 78 pct. Pct.	79 to 100 pct. Pct.	Over 100 pct. Pct.
Agincourt, Ont.; Myrtle, Ont.; Oshawa, Ont.	68	74	76
Cobourg, Ont.	87	90	91
Lindsay, Ont.; Peterboro, Ont.; Central Ontario Jct., Ont.; Trenton, Ont.; Sharbot Lake, Ont.; Napanee, Ont.; Kingston, Ont.	96	96	96

To—	Class and commodity.	Basis for live stock and dressed meats, carloads. From points taking—	Rates.
Brockville, Ont. Prescott, Ont. Smiths Falls, Ont.	Montreal rates	78 per cent. and higher	Montreal rates.
Carleton Junction, Ont. Ottawa, Ont.	Montreal standard rates	78 per cent. and higher	Montreal standard rates.
Montreal (local), Que.	From Chicago and other Illinois points except as named in current tariffs and from points in Michigan, standard rates to New York, subject to rates to Boston as maximum. From Ohio, Western Pennsylvania, Indiana, and certain Illinois and Kentucky stations.	78 per cent. and higher	Boston rates.
Montreal (export)	Philadelphia rates, except from points taking less than 78 per cent. of Chicago to New York rates, 78 per cent. rates will be minimum, subject to Montreal local rates as maxima.	78 per cent. and higher	On live stock, New York rates. On dressed meats, Philadelphia rates.
St. Johns, Que. Sherbrooke, Que.	1 2 3 4 5 6 classes. 7 6 5 4 3 2 Over standard rates to Montreal, except from points taking 78 per cent. and over of Chicago to New York rates, rates to Boston will be maxima.	78 per cent. and higher	Boston rates.
Quebec (export), Que. Point Levi (export), Que. Portland (export), Me. St. John (export), N. B. W. St. John (export), N. B.	New York rates, except from points taking less than 78 per cent. of Chicago to New York rates, 78 per cent. rates will be minima.	78 per cent. and higher	New York rates.
Halifax (export), N. S.	1 cent per 100 pounds over St. John, N. B., export rates.	78 per cent. and higher	1 cent per 100 pounds over St. John, N. B., export rates.
North Sydney, C. B.*	1 2 3 4 5 6 classes 15 12 10½ 9 7½ 6 Over New York domestic rates, except from points taking less than 78 per cent. of Chicago to New York rates, 78 per cent rates will be minima.		
Quebec (local), Que. Point Levi (local), Que.	1 2 3 4 5 6 classes. 14 12 10 8 6 5 over Montreal rates	78 per cent. and higher	Boston rates.

	Classes							Over rates to Montreal.			
	1	2	3	4	5	6		Horses.	Cattle.	Sheep. and hogs.	Dressed. sheep.
Cacouna, Que.	18	16	11	12	10	8	over rates to Montreal.†	19	12	14	17½
St. John (local), N. B. McAdam Junction, N. B. Halifax (local), N. S.	20	18	16	14	12	10	over rates to Montreal.†				
Mulgrave, N. S.	24	22	19	17	11	12	over rates to Montreal.†	23	14	16	20½
Sydney, C. B.	28	25	22	19	16	14	over rates to Montreal.†	26	16	18	23½

*Applicable only on traffic destined to points in New foundland.

†Rates on grain and grain products, carloads, to base points, viz.: Quebec and Point Levi (proper), Cacouna, St. John, McAdam Junction, Halifax, Mulgrave and Sydney, sixth-class arbitraries, as shown above over Montreal local rates.

PIG IRON, CARLOADS.

To—	Chicago, Ill.: Louisville, Ky.	Detroit, Mich.	Cincinnati, Ironton, Jackson, Wellston, Columbus, South Columbus, Ohio.	Evansville, Ind.	East St. Louis, Ill.	Cairo, Ill.
	Percentages of the Montreal Rates.					
Agincourt, Ontario; Myrtle, Ontario; Oshawa, Ontario	74	68	74	76	76	76
Cobourg, Ontario	80	76	80	84	84	84
Lindsay, Ontario; Peterboro, Ontario; Central Ontario Junction, Ont.; Trenton, Ontario; Sharbot Lake, Ontario; Napanee, Ontario; Kingston, Ontario	90	80	90	91	91	91
Brockville, Ontario; Prescott, Ontario; Smiths Falls, Ontario; Carleton Junction, Ontario; Ottawa, Ontario	Montreal Rates.					
Montreal, Ontario; St. Johns, Quebec; Sherbrooke, Quebec	Boston Rates.					

XIV.—FROM MEMPHIS, TENN.

Established arbitraries over rates from St. Louis, Mo.

XV.—DIFFERENTIALS VIA BREAK BULK ACROSS LAKE MICHIGAN.

From west bank Lake Michigan ports via routes operating across Lake Michigan, break bulk rates may be the established differentials under the rates via all-rail routes.

XVI.—LEXINGTON BASIS FOR RATES.

Rates from Lexington, Ky., group, and proportional rates from Cincinnati, which are proportions of through joint rates from Lexington, Ky., may be continued on existing bases.

XVII.—LUMBER, ETC., FROM CINCINNATI, ETC.

On lumber and articles grouped therewith, rates from Cincinnati and points in Ohio, West Virginia and Kentucky taking the same rates on lumber, may be proportions accruing north of Cincinnati of through joint rates from Lexington, Ky.

XVIII.—LUMBER, SASH, DOORS, BLINDS, ETC., FROM MICHIGAN.

On lumber and articles taking same rates, carloads, from points in the lower peninsula of Michigan: To New York City, 2 cents under sixth-class rates.

On sash, doors, blinds, etc., carload, to New York City, 3 cents under fifth-class rates.

To interior base points in New York and Pennsylvania and to Virginia points, bases as provided herein for class rates.

XIX.—COMMODITY RATES SAME AS CLASS RATES.

Specific commodity rates which are now the same as the class rates from and to the same points may be increased the same amounts as such class rates are increased.

XX.—COMMODITY RATES NOT SUBJECT TO BASING RATE, CHICAGO TO NEW YORK.

Commodity rates not made subject to a basing rate from Chicago to New York may be increased 5 per cent. from each point of origin from which published to New York, and the rates to other eastern basing points may be based thereon.

XXI.—BRICK, CLAY, ETC.

On brick, clay and articles grouped therewith in present tariffs to points in Central Freight Association territory and Illinois and on the Mississippi River, rates from western Pennsylvania, West Virginia, central, southern and eastern Ohio, and the Ashland, Ky., group may be the established differentials under Pittsburgh.

XXII.—COMPUTING RATES PER TON.

Rates per ton may be increased on basis per 100 pounds, using 2,000 pounds as the ton."

TABLE OF CASES REPORTED.

TABLE OF CASES CITED.

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ERRATA.

Pages 260, 261, 262: for "charges" in lines 1, read "*changes.*"